No. 30,422

Business Summary

The new joint venture would allow IBM to break into the fast growing market for ultra high performance computers needed for activities such as scientific

research, engineering and weather forecasting

BLUE CIRCLE, Industries Britain's largest cement group, was the subject of an unsuccess-

ful "dawn raid" in the stock mar-

ket as a mystery buyer tried to pick up nearly 15 per cent of the group's shares. Page 15

COCOA prices continued to rise in London as traders covered

their positions in the run-up to the holiday. The second position

1100

futures contract gained \$12 a tonne to close at \$1,086, its highest since the start of the month Commodities, Page 20

WALL STREET: The Dow Jone industrial average closed down 11.93 at 1978.45. Page 32

DM1.6280; Y126.40; SFr1.3215 and FFr5.5052 it closed in Lon-

don at DMI.6285 (DMI.6340), Y126.60 (Y127.00), SFr1.3236 (SFr1.3285) and FFr5.5050 (FFr6.5225), Page 21

STERLING closed in New York at \$1.8335. It closed in London at

JAPANESE Government

adopted an economic forecast for 1988–89 beginning April 1 which predicts growth of 3.8 per cent in

WORLDS OF WONDER, finan-

cially-troubled California toy maker, has filed for protection from its creditors under Chapter 11 of the US bankruptcy code.

SKANDIA, Sweden's larges insurance group, is to acquire a minority share in Pohjola, Fin-

design groups. Page 6

real terms. Page 5

Cocoa

1140 ;

2nd Position Futures

EUROPE'S BUSINESS NEWSPAPER Wednesday December 23 1987

D 8523 A

World News

Mugabe IBM in bid and Nkomo to develop sign merger fastest agreement computer

Zimbabwean Prime Minister International Business Robert Mugabe and chief opposition leader Joshua Nkomo signed puter company, is to team up an agreement to merge their political parties; paving the way for a one-party state.

The merger of the two parties will give Mr Mugabe all but one of the foremost computer designers in the world, to develop a supercomputer which they hope will be 100 times faster than existing machines.

The new joint venture would

Gelli sentenced

Italian financier Licio Gelli was sentenced by a Geneva court to a suspended term of 16 months for bribing a warder who helped him escape from a Swiss prison in 1983. Page 2

Peking assurance

Igor Rogachev, the Soviet deputy Foreign Minister, wound up two days of talks with Chinese offi-cials by saying the results of the Washington summit would help contribute to better Sino-Soviet relations. Page 3

Eagle flies home

An American bald eagle, found exhausted and starving in Ireland after flying across the Atlantic, winged its way home first-class by jet with a send-off from Irish Prime Minister Charles Haugher. Charles Haughey.

Spanish lottery

Spain ground to a halt yesterday as its Christmas lottery, the world's biggest, showered \$745m among winners,

三 算量を 18:12年 27:12年 20:12日 20:12日 20:17日 2

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Farker Dodg

Kim Young Sam, defeated South Korean presidential candidate, haschanged his mind and decided to enter into talks with the ruling party over National Assembly elections next year. Page 3

Women's rights.

Mozambique has amended a law under which women married to foreign husbands lost their nationality - they now have the right to choose their nationality.

Jacques Parizeau, Quebec's edged up 3.8 to 1,408.9. Fage
Finance Minister from 1975 to
1984, will run for the leadership
of the opposition independent
Parti Quebecois. Page 4

TOKYO: Light selling pulled equities broadly lower in very quiet trading. The Nikkei average lost 215.82 to 22,741.02. Page
32

The world's newest cruise liner. the French-built Sovereign of the Seas, sets out across the Atlantic Ocean next Tuesday on a shake-down voyage before its maiden cruise in the Caribbean.

Border reopens

The Kenya-Uganda border has reopened following violent bor-der clashes last week. Sudanese advance

Sudan said yesterday its troops had recaptured the town of Kurmuk on the border with Ethiopia nearly seven weeks after it was

Yugoslav strikes

Strikes by Yugoslav bus drivers demanding big pay rises para-lysed the cities of Banjaluka and Kopar.

Trade agreement Zimbabwe and Botswana have averted the threat of a trade war by agreeing to extend a 31-year-old trade agreement for a further

Kabul attack Afghan guerrillas hit Kabul with bombs and rockets killing more than 20 people as a major Gov-ernment offensive was under

Serbian president

Retired General Peter Gracanin has been elected president of the Yugoslav republic of Serbia.

Iraqi raid Iraqi aircraft attacked Iran's Larak Island oil terminal at the mouth of the Gulf, serling three

Somali shuffle

World Guide

Somali President Mohamed Stad Barre named new ministers of foreign affairs, finance and

Companies America ... Companies

. 23 Intl. Capital Markets. World Trade .. Britain . 21 20.30-32

Technology Unit Trusts

Ronald Li's retirement as

LICKS ITS WOUNDS AS CRASH TAKES ITS

TOLL

HONG KONG

chairman of the Stock Exchange marks the end of an era, Page 32

harder, A momentous judgment.

romance in the shade

Technology: The transistor - Ma Bell's Christmas gift to mankind

Plenty of room in Bethlehem's inns, but no tourists

THIS IS a good Christmas for bargains in Bethlehem, if you're down 80 per cent on a normal rot deterred from coming by the teargas and burning tyres, Molotov cocktails and live ammunition that have alfflicted the remainder of the Israeli-occupied West Bank for the past two weeks.

The manager of the Holy Manger Stores, who complained that there were more journalists than tourists in town, offered a 50 per cent discount on an exquisite that Supper, hand-carved in olive wood. "Usually \$120." he said, "yours for \$60."

The has had to cut his seasonal staff from 12 to three.

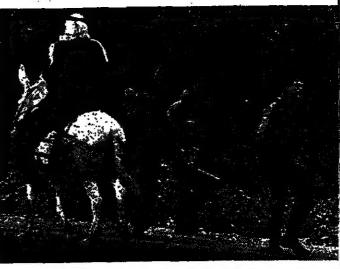
An assistant in the Holy Land Arts Museum, one of the biggest gift shops in Manger Square, near the Church of the Nativity, and arrests, this is a gloomy said she had just served her first customer in four hours when I spoke to her.

Around the corner, in the Milk away from the West Bank and

spoke to her.

Around the corner, in the Milk away from the West Bank and Grotto, another shopkeeper said he had not done any business all "It will have very sad conse-

TOSY



The streets of Gaza were quiet yesterday after two weeks of iolent demonstrations during which at least 21 Palestinians have been killed in clashes with Israeli forces

OECD says market crisis will cause economic slowdown

THE CONSEQUENCES of the group". world stock market and financial crisis which erupted in late October are likely to be a modest if west Germany should take the sustained weakening of economic growth in the industrialised world, according to the Organisation for Economic Cooperation and Development.

But the OECD warms that the German economy may conversal international economic time to grow below its medium of the budget deficit, the fragility stream potential over the remain-

semi-annual economic outlook argued that the present ecothat the impact of the crisis-innomic situation does not require
duced slowdown could be offset further measures."
by apprepriate joint action:
"European countries new face a
"European countries new face a
clear challenge of devising and European economic strategy for
implementing policies that faster growth, because other
would improve their economic European countries have, on an LONDON: After a day of see—saw trading, the FT-SE 100-index ended 28 lower at 1,747 and the FT Ordinary index edged up 3.8 to 1,408.9. Page 32

attestion could become considerstruction could become considerterm potential over the remainably more serious if financial der of the 1980s. Additional
markets were not persuaded that macro-economic policy action is
enough was being done to necessary to achieve more satisrestore international payments factory performance.

This part of the OECD pre-

restore international payments lactory performance.

In Europe, where unemployscription was sharply rejected ment is very high and likely to before publication of the report rise, the OECD suggests in its by the Bonn Government, which semi-annual economic outlook argued that "the present economic district deep resent economic district deep resent economic district deep resent economic and a serior description and the semi-annual economic outlook argued that the present economic district deep resent economic and the semi-annual economic district deep resent economic deep resent econ

duced slowdown could be offset further measures. Significant changes for individby apprepriate joint action:
"European countries new face a central role in any co-ordinated. The US growth rate is expecclear challenge of devising and implementing policies that would improve their economic faster growth, because other would improve their economic faster growth, because other prospects individually and as a individual basis, very limited significant changes for individual countries.

The US growth rate is expeccut and role in any co-ordinated. The US growth rate is expeccut and role in any co-ordinated and role in any co-ordinated.

room for manoeuvre. In France

the budget deficit, the fragility of the external position.

The new overall projection for economic growth in the OECD area has been reduced by % percentage point in both 1983 and 1989, to 2% per cent in 1988 and 1% per cent in 1989.

These projections remain broadly unchanged from those published six months age, but the overall aggregates contain significant changes for individual countries.

Moscow wants UN talks on Gulf ceasefire

BY ANDREW GOWERS, MIDDLE EAST EDITOR

THE SOVIET UNION yesterday want the Military Committee called on the other four perma-nent members of the United Nations Security Council to con-vene a special meeting of their military chiefs of staff from the five permanent members, to work on the propos-als, was also seen as potentially significant. Moscow has repeatmintary chiefs of staff to examine ways of enforcing a ceasefire in the Gulf war, including an arms embargo against Iran.

Mr Vladimir Petrovsky, Deputy Foreign Minister, told a news briefing in Moscow that his Government would propose convergence.

ernment would propose conven-ing the UN's Military Committee - a long-dormant part of the organisation's peacekeeping machinery - to discuss a manda-tory ban on arms sales to iran and a "parallel" move to replace foreign warships in the Gulf with a navai force under the UN flag. He made clear, though, that the Soviet Union did not regard the withdrawal of foreign fleets as a precondition for agreeing to

an arms ban.
Western diplomats said the statement, which confirmed signals Moscow has been giving at the UN in New York, appeared to mark an important step towards an arms embargo. This is regarded as vital to maintain the credibility of the UN Security Council in the face of Iran's persistent refusal to accept its calls for an end to hostilities.

The president of the council, currently a Soviet representative, is holding bilateral consultations with other permanent members with a view to issuing a statement which will give the go-shead for detailed work on such a ban, possibly before

The fact that the Russians

staff from the five permanent members, to work on the proposals, was also seen as potentially significant. Moscow has repeatedly called since the autumn for the reactivation of this body, set up under the 40-year-old UN Charter to back Security Council resolutions with armed force if necessary but which has never necessary but which has never been used. Convening of the Military Committee would be a major boost for UN peacekeeping

It is not yet clear what form Moscow envisages a UN naval force in the Gulf taking. The idea has so far been rejected by the US, which sees it as a Soviet the US, which sees it as a Soviet ploy to reduce American influence in the region and increase its own. There are also suspicions that the Russians are still trying to stall on action against Iran by making proposals unacceptable to the West.

But Mr Petrovsky's insistence that a UN force is not a precon-dition for work on an arms ban room for negotiation.

• Iraqi jets hit four supertankers at Iran's Larak Island oil ter-

minal at the mouth of the Gulf resterday and one vessel was burning flercely hours later, Beuter reports from Dubsi. They said the 411,508-tonne Liberian-flag Petrobras was heavily on fire after the raid despite efforts to put out the

Three other vessels were reported to have suffered minor damage.

To: Mark Evans, GNI Ltd.

Colechurch House, 1 London Bridge Walk,

London SE1 2SX. Telephone: 01-378 7171. Or Joy Grey, GNI (Jersey) Ltd., 14 Britannia Place, Bath Stree St Helier, Jersey, Cl. Telephone: 0534 59059.

First Boston to sell stake in building

By Roderick Orase in New York FIRST BOSTON, a leading Wall Street securities firm, hit by heavy trading losses this year, expects to reap a \$80m pre-tex profit from selling its interest in the company's Manhattan head-quarters.

In a complex deal announced yesterday, First Boston sold its 22 per cent stake in Park Avenue Plaza to its partner, Fisher Brothers, a New York property firm, paid off a second mortgage and cashed in its equity in its office leases by raising them from below market value to market value. ket value.

"In effect we translated the value of those pieces into cash," a senior executive said. Both par-ties declined to state the overall value of the transactions.

First Boston said it will continue to occupy about 40 per cent of the one million square foot mid-town skyscraper which was completed in 1981.

It was the second major New York property deal in three weeks involving a Wall Street firm. Previously, Salomon Inc, parent of Salomon Brothers, decided to drop out of the controversial Coliseum office building project, resulting in a \$51m after-tax fourth quarter charge.

Saloman said following staff Saloman said, following staff cuts and a major restructuring, it would have enough office space in its current downtown build-

Wall Street firms have been scrambling to cut costs and raise cash to repair the damage inflicted by October's stock market crash. It is believed, however, that First Boston began negotiating with Fisher Brothers much earlier this year.

Lest month, First Boston told its employees it had been in the red in October because of "significant losses" from speculating on takeover stocks during the crash. It was, however, the "only major to the problem" from the market plunge, Mr Peter Buchanan, chief executive, added.

Although the firm declined to specify the size of the risk arbitrage loss, it was widely believed on Wall Street that the sum exceeded \$60m.

A number of other firms, including L.F. Rothschild, suffered similar losses after plunging stock prices prompted many suitors to drop takeovers.

badly during April's collapse in band prices with losses estimated by outside analysts to be around \$100m.

The firm disbanded the team responsible, saying the risks of the trading strategies were exces-

It was one of the sharpest reminders yet of Wall Street's great difficulties in analysing and controlling the risks involved in trading certain new types of financial instruments.

Reagan approves budget deficit-cutting package

at 51.8355. R closed in London at \$1.8305. (\$1.8265), DM2.9800 (DM2.9850), Y231.75 (Y232.0), SFr2.4225 (SFr2.4275) and FFr10.0775 (FFr10. Page 21 MAZDA MOTOR, Japanese car and truck maker in which Ford of the US has nearly a 25 per cent stake, had its pre-tax profits haived in the year to October in spite of a decline in sales of just 15 per cent. Page 15

criticised lawmakers for cram-ming so much into two bills. ming so much into two bils.

"While I agree with these bills at this time, it must be said that wrapping up the entire legislative business of our country into two thousand-page bills on the eve of Christmas is not the way to do hydrogen the said.

BEECHAM, UK druss company, is to spend \$3m (\$5.48m) on increasing production of a recently introduced anti-arthritis medication, Relifiex. Page 7 to do business," he said.
The President said the package would place our country on the right course toward reducing the federal budget deficit and con-tinuing the longest peacetime expansion in history." His approval will pave the way

PRESIDENT Ronald Reagan yesterday signed a deficit-reduction package combining spending and tax measures forged after the Wall Street collapse, saying it will 'place our country on the right course."

There's still more to be done, 'Mr Reagan said in a White House Oval Office ceremony at which he used eight pens to sign the thick stacks of legislation.

While commending Congress for its work, the President also criticised lawmakers for cram-

Mr Reagan's approval of the package will reduce the proj-ected 1988 deficit by more than \$30bn with a \$46bn cut the fol-

lowing year.

The main component of the package, passed by Congress early on Tuesday morning, is a "continuing resolution" provid-ing for \$600bn of overall spending in the next fiscal year to September 1988. It contains a range of cost-cutting measures including \$5bn from military programmes and \$2.6bn from domestic spending:

double taxation relief on profits earned and taxed in South

Altogether, the package should meet the target of reducing the deficit for this fiscal year set by the White House-Congressional budget negotiating teams earlier

this year. Senior officials involved in drafting the G7 statement said its looser wording on the dollar in part reflected US reluctance to

Europe may move over BCal

BY TIM DICKSON IN BRUSSELS AND MICHAEL DOINE IN LONDON

land's biggest insurer, reciprocat-ing Pohjola's newly acquired 10 per cent holding in Skandia. Page 16 THE EUROPEAN Commission disclosed last night that it may take legal action to challenge Page 16

EUHPROHLE, West Germany's agreed takeover by British Airlargest coal producer, said sales and production fell again in 1987 due to unfavourable conditions in the energy industry Page 16

BA and drawn attention to con-

WPP, acquisitive UK marketing ditions attached to the \$250m services group, claims it has cre- (\$457m), takeover which the ated the largest retail design commission says contravene the group in the world with the European Community's competitakeover of Stewart McColl Associates, one of London's biggest in particular, the question of design groups. Page 6

Europe and its acquisition of take-off slots at Gatwick airport, London's second, are thought to be under close scritiny.

A senior commission official said last night that no action

could be taken before the takeover was completed, but subse-quent developments would be dependent on the dialogue we have with the parties involved. Separately yesterday, Mr Michael Bishop, chairman of the Airlines of Britain Group, owner of British Midland, Manx Air-lines, Loganair and Eurocity Express, lodged a formal com-

plaint with the commission in Brussels aimed at blocking the takeover.
Mr Bishop's group cited several

examples in which it believed the takeover failed to satisfy many aspects of European law recently reinforced by successful judgments in the European Court against similar mergers. These examples included the BA's dominant market position after the takeover and the air-line's ability to block other biddens for European route licences. Continued on Page 14

Feature, Page 18 India, Pakistan: Arranged marriages put

Turkey: A novel approach to attracting capital investment. Management: Building a better corporate image . Wall Street: The end of a roller-coaster Editorial comment: OEDC report: try

BA/BCal merger: Monopolies Commis-Lex: Blue Circle; BP/Britoil; primary deal-

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London's largest and most successful brokers dealing exclusively for clients in the Traded Options and futures markets. Traders are linked to world markets with the latest computer technology, and the firm provides sophisticated and up-to-the-minute market research and analysis to aid decision-making. Whether you're an expert or a

beginner, GNI offers guidance, advice and a full personal service on accounts of £5000 and

upwards. For details, cut the coupon, or telephone Mark Evans on 01-378 7171.

Governments must act to avoid threat of recession

INDUSTRIALISED countries face a weakening in the pace of eco-nomic growth in the wake of the stock market crash and, without prompt policy action, they run the risk that renewed turmoil in financial markets could provoke

In its latest Outlook, the Paris-based Organisation for Economic Co-operation and Development says that the slide in equity prices in October will probably reduce growth by one percentage point over the next two years.

The impact, however, could be much greater if governments do not act quickly to underpin stability on financial markets. In particular, the OECD calls for further action in the US to cut the budget design additional the budget deficit, for additional measures to stimulate economic growth in West Germany and further liberalisation in Japan.

It warns that, without such measures, efforts to stabilise exchange rates at a particular level - as in the Louvre accord in February - are likely to prove fruitless and may be counter-productives.

On the assumption of unchanged policies and exchange rates, the Outlook foresees a rise in the output of its 24 member countries of 2.25 per cent next year, down from 2.75 per cent in 1987. In 1989 the pace of expansion can be expected to slow further to 1.75 per cent.

lt says that there are positive signs that the large imbalances in the world economy – the huge US current account deficit and the surpluses in Japan and West Germany – are being gradually emded nuse us current account deficit and the surpluses in Japan and West Germany – are being gradually eroded.

Partly because of the stronger impact of the stock market slide in the US, the balance between Partly because of the stronger impact of the stock market slide in the US, the balance between The Outlook projects a fall in

BRITAIN'S economic growth rate should continue to outpace that of other European states in 1988, but the gap is likely to close in the second half of the year, the OECD says.

In its review of prospects
for the next two years, the
organisation also warns
that, without a further
depreciation in sterling, Britain faces a marked deterioration in its overseas trade position.

The unexpectedly strong rise in output seen in 1987 should carry into the first months of 1988, the outlook says. That will mean that year-on-year comparisons are likely to show a growth rate of 2.75 per cent next

many.
Although the US trade deficit

has not yet shrunk in nominal terms, "significant adjustment is taking place in trade flows in volume terms." US exports have

risen by about 10 percentage points more than the growth rate for the country's traditional markets in 1987, and similar gains in market share can be expected for

Weaker exports and some slowing in domestic demand are expected to result in a deceleration in the pace of expansion to an annual rate of 1.75 per cent in the second half of the year and in 1989. On that basis, the recent downward trend in unemployment may conunemployment may con-tinue for some months, but the jobless total could then

the jobless total could then begin to rise again.

The OECD says that Britain's export performance is likely to be hit by a number of factors. The general slowdown in growth in the industrialised world will limit demand for British goods. At the same time, Britain's competitive position will be damaged both by the recent strength of sterling and by higher infla-

medium term could well give rise to renewed financial and

rise to renewed financial and exchange market turbulence."
In the coded and occasionally obscure language that often characterises OECD reports, the Outlook says that the budget-cutting package agreed by the US Congress and the White House is a step in the right direction.

It adds, however, that further measures are likely to be needed because the latest package is likely to leave the deficit in 1988 and 1989 little changed from the level of 1987.

tion in the UK than in most other major industrial coun-

with imports remaining relatively buoyant, the deficit on the current account of the balance of payments is expected to double to \$5.75bn (\$3.25bn) in 1988 and widen further to \$9.5bn (\$5.25bn) in 1989. The OECD adds, however, that such a deterioration assumes that the exchange rate holds at its current levels.

The inflation rate is expected to remain fairly steady, with consumer prices rising at an annual rate of 4.25 to 4.5 per cent, with unit labour costs accelerating as the pace of productivity expansion alows.

overall growth and domestic demand in the three main economies is improving. Demand in the US is expected to grow more rapidly than the economy as a whole, while the reverse in projected for Japan and West Germany.

Although the US trade deficit the US current account deficit to just over \$100hn (\$54.6bn) in 1989 from \$150bn this year. It the members account deficit to just over \$100hn (\$54.6bn) in 1989 from \$150bn this year. It the upper size of further policy changes, market perceptions that the adjustment of the imbalances might be insufficient over the medium term could well give Of the surplus countries, the report singles out West Germany for special criticism. The Bonn Government, it says, needs to do more to accelerate growth in its economy, both as a contribution to reducing the US deficit and to allow faster growth in the rest of Funnee.

Europe.

"Even taking account of the 1988 tax cuts and discounting any adverse direct effects of the stock market crash, the German economy may continue to grow below its medium-term potential over the remainder of the 1980s," it save

it says.

While the rest of Europe can expect its current account position to move into sizeable deficit and the US trade gap begins to close, West Germany is likely to experience only a small reduction in its surplus.

In those circumstances, Bonn should employ both macro and micro-economic policies geared towards promoting faster expan-

financial markets.

That in turn may mean that there is less scope for monetary policy to be used to stabilise exchange rates. "Achieving and maintaining orderly exchange market conditions may have to depend more on progress in correcting the imbalances which appear to the fundamental source of exchange market turmoil," the Outlook says.

While central banks should continue to co-operate in prom-

The organisation welcomes the recent acceleration in the pace of recent acceleration in the pace of output growth in Japan, but says that the Tokyo Government must ensure that it is maintained over the next two years. Even with faster growth, Japan's current account surplus is projected to remain at around \$500m, so the Government should use this period to promote faster progress towards structural adjustment of the economy as envisaged in the Mayelawa report last year.

In its review of monetary policies, the Outlook welcomes the reponse of central banks to the stock market crash in lowering interest rates. It adds, however, that the banks should be cautions not to allow an upsurge of inflationary expectations in financial markets.

That in turn may mean that there is less score for monetary

While central banks should continue to co-operate in promoting orderly markets, "there is a limit to how far it is feasible or desirable for currencies to be held at any particular level by means of intervention and monetary policy changes alone."

Turning to prospects for the developing world and for heavily-indebted countries, the OECD says that their economic situation, which was already weak, will deteriorate further under the impact of slower growth in

SUMMARY OF PROJECTIONS (Seasonally adjusted at annual rates) 1986 1987 1988 1989 Percentage changes at annual rates OECD Euros Total OECD Real total domestic de Japan
W Germany
OECD Europe
Total OECD
Inflation (SNP/GDP deflator) Japan W Germany Total OECD Current Balance Non-all developing countries

> - as change in actual or announced mulicles: nge rates from 20.11.87; in particular \$1 = Y 133.6, that 1.66;

the industrialised countries. The ontlook for their export revenues has been adversely

of major concern. The prospects for a return to financial viability still appear remote for most of the 'problem' debtors," it says. Multilateral efforts undertaken revenues has been saversely affected by the stock market the 'problem' debtors,' it says.

Weaker commodity prices.

"For most developing countries debt problems remain a matter cant dent."

Jobless face bleak future

BY OUR ECONOMICS

THE unemployed in industrialised countries face a bleak tw years, with a slowing in the pactof economic growth offering the prospect of higher jobless total in most countries.

In its Economic Outlook, the OECO cases that the number of

OECD says that the number ou of work in its 24-member coun tries may rise from 30.25m nov to 32m by 1989.

Increases are likely in Europe Japan and the US. Youth unem ployment, which has been fall ing gradually for the past fev years, may begin to rise again in 1989.

The long-term jobless tota looks likely to continue to

increase.

A projected rise in the Usunemployment rate, from the present 6 per cent to 6.5 per cen in 1989, would reverse the down ward trend seen since 1982.

In Japan, the proportion opeople out of work may rise from 3 per cent to 3.25 per cenduring the same period.

Those figures, however, represent rates less than the presen and prospective jobless rates in western European countries is

western European countries it expected to rise by 1.24m to 20.25m by late 1989, pushing the jobless rate up from 10.75 per cent to 11.25 per cent.

In the UK, the rate may fall to a low of 10 per cent in 1985 before rising again to 10.5 per cent two years hence, the OECI sava.

Swiss court

sentences

Gelli

EUROPEAN NEWS

Bonn rejects Eurofighter cost cuts offer

By dayid Harsh in bonn and dayid Buchan in London

THE West German government has described as insufficient an offer by the multinational Eurofighter consortium to cut 3 per cent from its DM6.7bn (\$2.25bn) share of development cost for the military jet, which is being designed for the air forces of West Germany, the UK, Italy and

many, which has a third share in out of Efa, if its cost did not the collaboration, savings of more than DM200m. However, it early November, the four Efa was 'not enough' to satisfy Bonn's concerns about the rising cost of the European Fighter Air-

west German insistence at driving down Efa's development cost is beginning to cause concern among Bonn's three partner governments. They also stand to benefit from any cost reductions but are worried about further delay in starting full Efa development and about the possible

The UK defence ministry took the first step in early November towards formal UK approval of Efa development, a process expected to be completed early in the new year. Italy and Spain are expected to follow suit soon after.

Mr Manfred Woerner, the German Defence Minister, warned last week that Bonn might pull partner governments asked Eurofighter - the Munich-based cost of the European Fighter Air-craft (Efa), the Bonn defence ministry said yesterday.

West German insistence at driving down Efa's development

trial prime contractor for the Efa airframe and all the equipment in it, then offered a 3 per cent cut in development costs. How-ever, Eurofighter made most of delay in starting full Efa development and about the possible disruption of the whole project, and the Bonn were to opt for an alternative fighter.

EC plans to harmonise levels of lorry road tax

charged to road haulage companies in different European Community countries, could be sharply eroded by 1990, according to proposals put forward by the European Commission yestorday.

possibly by issuing motorway road tax for lorries – rather than licences. The package should be bring big cuts in road taxes for harmonised from the start of lorries in West Germany and Britain, which are now more lorries' minimum laden weight. than twice as great as in any it is likely that road taxes would other member state. It is also go down in the most heavily expected to unblock West German opposition to a separate proposal for phasing out limits countries and be increased where they are lowest – in such on the number of lorry journeys Luxembourg.

BIG DISPARITIES in road taxes, allowed across internal EC fron-

competitors. However, Mr Jurgen Warnke, West German Transport They also include plans to charge individual hauliers for the upkeep of the international roads they use most frequently, possibly by issuing motorway licences. The package should the taxes themselves - rather than licences. The package should the taxes themselves - should be bring big cuts in road taxes for lorries in West Germany and 1990. Taxes should be based on Britain, which are now more lorries' minimum laden weight than twice as great as in any It is likely that road taxes would

Hungarian ducks. chase French geese

By George Graham in Paris

Peasant farmers in the Landes region of south-western France might rear a few ducks for their own consumption, but they con-centrated on the goose to sell in the market.

French consumers, how-ever, have now turned towards the less fatty but more strongly flavoured duck livers, which are still cheaper than goose, even though at FFr700 (\$48) to FFr1,000 a kilo - more if they are flavoured with truffles - it is hard to think of them as the poor man's of them as the poor man's fole gras.

"This year there has been a real explosion in duck liv-ers," says Miss Fabienne Labeyrie of Ets B Labeyrie, France's leading fole gras

"We have never before sold as much duck. It is real madness," she says.

Behind the new-found popularity of duck livers is the generation of Nouvelle Cuisine cooks who served it up in salads or hot dishes, rather than reverentially on its own, as had been usual for goose fole gras.

But an element of French chanvinism has also crept in. For although France remains the dominant consumer and producer of fole gras, with about 60 per cent of the world market, in the goose department, at least, the country has had to turn in growing measure to imports from Hungary, with a 25 per cent world market share, and Israel with 10 per cent.

Ex-Nazi quits W German TV job

"Next year is the peak year in largely became of an improved the debt repayment schedule," export performance by the counsaid Dr Saracogiu. "From 1989 and beyond, the debt profile will become more favourable, though utilisation of funds in 1988 will affect the repayment stream."

He said that Turkey's external goods.

Meeting external payment

Japan W Germany

OECD Europe Total OECD

MR WOERNER HOEFER, the 74-year-old doyen of West German TV journalism, was yesterday forced to resign from his broadcasting job after a flare-up in the press over his Nazi past.

The affair underlines the way that the Third Reich still sends contorted shadows over West Germany. The often ambiguous role of Germans during the war, especially of those who went on to success in the federal republic, is still the focus of a mixture of detonate periodically in explosions that rock careers.

TURKEY is meeting its external debt repayment schedule "with absolutely no problem", though the fall of the dollar has helped push its foreign debt to \$350n, Dr Rusdu Saracogiu, the Governor of the Central Bank, said

Turkey's foreign debt burden has risen from \$31.2bn at this time last year and \$23.3bn two

time last year and \$23.3bn two years ago — a rise which has caused some uncertainty in Turkey as well as abroad. This year, however, the current account deficit is likely to be about \$800m — well below 1986 levels and so easing pressure on the capital account.

Mr Saracoglu said that payments of \$1bn in principal and interest in the next few weeks would bring total debt payments in 1987 to \$5.52bn — equivalent to just over 10 per cent of GNP. Debt repayments will rise next year to \$6.2bn.

MR WOERNER HOEFER, the played an important and some-

'No problem' for Turkish debt

The two publications, for different reasons, have been cam-paigning for his removal. This has partly mirrored Byzantine efforts within Westdeutsche Rondfunk to unseat him. Mr Hoefer's elegant longevity seems to have aroused impatience among other broadcasters there.

Gernany. The often ambiguous from his employers, the Westfole gras de canard, that
alides unctanously down the
gournet's threat, is finally
living down its reputation
as the poor cousis in the
fole gras family.

The goose kas traditionalily reigned supreme in the
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Shortages put

zification" vetting by the Allies and started a successful broad-casting career. He also gained a reputation for liberal opinions which earned him support on the left during the first post-war decades when the federal repub-lic was run by conservative gov-ernments.

Yugoslav freeze under threat

By Aleksandar Lebi in Bekanda THE GOVERNMENT'S genrain price freeze in Yugosla-via is threatened by short-ages of an increasing number of goods, less than six weeks after its introduc-

tion.
One of the first cracks in the freeze is being caused by the shortage of milk, in spite of government efforts to intervene by importing both fresh and powdered milk, and ordering cheese production reduced.

Motors - have said they will reconsider their presence in Yngoslavia if their products are not exempted from the freeze. Both car companies claim that imported inputs cost more than the price the cars can fetch in Yagoslavia.

By William Dullforce in Geneva

for bribery

sentence the three judges have opened the way for the Swiss federal authorities to extradite Mr Gelli to Italy where he is wanted in connection with a series of financial and political scandals.

These include the collapse in 1982 of the Banco Ambrosiano with \$1.2bn in bad debts. Mr Gelli was a close associate of Mr Roberto Calvi, the head of Banco Ambrosiano, known as God's Bank because of its close connec-tion with the Vatican.

Mr Calvi was found hanged under Blackfriars Bridge over the River Thames in London in June, 1984.

Mr Gelli, now a frail 68 and reported by his lawyers to be severely ill, surrendered to a Swiss magistrate here in September after four years in hiding, reportedly in South America, following his escape.

His surrender was interpreted as an astute move which could

as an assure move which could allow him to return to Italy without being charged for some of the more serious crimes attri-buted to him. Asked in court yes-terday why he had not returned directly to Italy, Mr Gelli replied: "People are assassinated in Ital-ian prisons."

The Geneva court yesterday revoked the suspension on the two-month sentence imposed on Mr Gelli for using false papers to enter Switzerland in 1983. He might thus has to serve two months in Switzerland before extradition, unless the time he has spent in custody since Sep-

has spent in custody since September is counted.

Shortly after his escape from the Swiss prison the Swiss federal tribunal (supreme court) authorised his extradition but only on two charges, that concerning Banco Ambrosiano and another involving fraud allegedly uncovered during the Italian authorities' investigation of the P2 masonic lodge.

In November this year the Swiss federal authorities rejected an Italian request for Mr Gelli's extradition on other charges. Under international practice a person should not be charged with offences other than those for which he has been extradited.

A court in Florence recently

A court in Florence recently sentenced Mr Gelli in his absence to eight years' imprisonment for complicity in terrorist incidents in Tuscany between 1974 and

Czech party leader faces uphill battle

THE NEWLY elected general sec-retary of the Czechoslovakian Communist Party, Mr Milos Jakes, faces the thorny task of cleaning out sections of the party, including some members who supported him in the elec-

This is not the first time that he has had to wield the big stick. As chairman of the auditing and control commission from 1968 to 1977, he was responsible for This is not the first time that he has had to wield the big stick. As chairman of the auditing and control commission from 1998 to 1977, he was responsible for 1977, he was responsible for purging those party members who were involved in the Prague Spring, the reform movement which attempted, in the words of its leader for Alexander Dubcek, the time and the present leaders, that means little is leader for Alexander Dubcek. The irony is that now the new from Mr Frantisek Pirrs, the leader has to promote younger has to promote younger party secretary responsible for agriculture, a post which had

How successful Mr Jakes will be in changing the party depends on his ability to consoli-

the ideological consequences. His He lost because Mr Jakes was political future is now open to

spread corruption and make the economy more efficient. Such issues were largely ignored during the past 19 years under the leaders who crushed the Praject links to gue Spring and he was seen as a spective of the party presidium, in a leadership of Mr Gustav Husak, who isolated younger party technocrats.

How successful Mr Jakes will been held by Mr Jakes, Mr Pitra base in the party to push him to the top. More important, as seen from Moscow and from the personance of the party and government now confront Mr Jakes. The Foreign Ministry under Mr Bohuslav to a deeply disillusioned society. hurry, as one Czech economist. Chnoupek, which was recently agriculture. Even so, trouble and choices in both party and government now confront Mr Jakes. The Foreign Ministry under Mr. Bohuslav Chnoupek, which was recently at the centre of a wide-ranging corruption trial, is due to be Mr Husak, a Slovak, redressed

French unemployment dips to 2.55m









Tokyo expects rate of growth to accelerate

THE JAPANESE Government investment in industrial plant yesterday adopted an economic and equipment is forecast to rise forecast for the 1988-89 financial from 7 per cent in the current year which predicts a further financial year to 9.8 per cent in increase in the country's already 1988-89.

rapid rate of economic growth.

The Government expects the economy to grow by 3.8 per cent forecast to rise by 6.6 per cent in economy to grow by 3.8 per cent in real terms in the financial

per cent. The Government's own figures. reflect the optimism with which Japonese economists, bankers and industrialists are viewing the domestic econonomy, despite the October crash in world financial markets. They also highlight the Government's confidence that it has fulfilled promises made to its economic partners

this year to simulate growth.

According to the official report, the Government is expecting a 4.7 per cent increase in domestic demand due to con-

in real terms in the financial by 7.6 per cent in 1988-89. Following a predicted 3.7 per cent rise in the 12 months to the end of March 1988.

The forcest was adopted yes-

end of March 1988.

The forecast was adopted yesterday by Prime Minister Noboru
Takeshita's cabinet, which is expected to consider today its draft 1988-89 budget.

The economic outlook, prepared by the Government's Economic Planning Agency, follows a host of private estimates publications of private estimates publications of private estimates publications.

Soaring tanu process to level off.

Private residential investment is respected to rise by 1.9 per cent in the current financial year.

Foreign demand for Japanese goods, hit by the strong yen, is forecast to fall by 1 per cent.

Japan's current account surplus

draft 1988-89 budget.

The economic outlook, prepared by the Government's Economic Planning Agency, follows a host of private estimates published in the last few days and predicting increases in growth ranging from 3.2 per cent to 4.3 per cent.

Prices should remain stable according to the Economic Planning Agency's report, with an expected rise of 0.3 per cent in wholesale prices and 1.3 per cent in consumer prices.

The Government says it will promote steady expansion of the economy, led by domestic demand and based on stable report, the Government is prices. The programme of public expecting a 4.7 per cent increase in domestic demand due to continuing strong consumer demand awars, which was expanded this year, is to be maintained by using funds raised in the recent sale of shares in Nipon Teleinvestment. The increase in graph and Telephone.

Uganda Kim Young Sam agrees reopen to talks on elections border

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1 Parties of the Control of the Cont

tial candidate, yesterday allegations that it spread false changed his mind and decided to rumours. enter talks with the ruling party over National Assembly elections to be held early next year.

while continuing to insist (along with Mr Kim Dae Jung the other opposition presidential candidate) that the election last week was rigged; Mr Kim Young Sam said that South Koreans should continue to try to fight for democracy through elections. He asked the ruling party, led by Mr Rob. Tae Woo, the president-elect, to defer the Assembly elections until after the presidential inauguration, due on Februial

tial inauguration, due on Febru-ary 25, and to redesign the present constituency system.
Urging Mr Roh to act speedily

to pursue national reconciliation, he said the ministers of defence, home affairs, and culture and information should be dismissed

new Cabinet appointed.

A spokesman for Mr Kim Dae
Jung's Party for Peace and
Democracy said that talks on the
National Assembly law could be
held in the new year. The PPD is
continuing its efforts to investigate alleged unfairness in the election, but is now itself being

MR KIM YOUNG SAM, a investigated by the Seoul prose-defeated South Korean presiden-cutor's department as a result of

Interest in the claims of unfairness appears to be waning as South Koreans rush to complete Christmas shopping delayed by the election and fin-ish work before the New Year holiday.

Meanwhile, the Government Meanwhile, the Government appears to be making progress in its efforts to secure eastern bloc participation in the Olympic Games to be held in Seoul next year. Hungary and East Germany have accepted an invitation to strend and Mr Park Se Jik, head of the Seoul games organising committee, said that the January 17 deadline for the January 17 deadline for national acceptances could be extended to encourage North

Korea to take part. Mr Nobura Takeshita, the Japmessage to Mr Roh promising help in staging the games and in South Korea's efforts to establish diplomatic relations with China. Peking has unofficial economic ties with South Korea, but is an old ally of the North. Mr Roh is reported to want to visit China before his inauguration.

Dissident Chinese student jailed

By Robin Pauley, Asia Editor THE CHINESE authorities have jailed another student for involvement in campus protests last year, indicat-ing that the persecution of dissidents is being pursued in spite of official assurances that the protests were neither significant nor

serious.
A court in Shanghai jailed Yang Wei, 32, a US-educated student, for two years for inciting campus protests and stated that a dissident Chiese magazine based in Chinese magazine based in New York had "betrayed the

Yang Wei was accused of "conducting demagogic pro-paganda for counter-revolu-tionary ends"

His arrest in January trig-gered protess racead a non-

and Congress passed a non-binding amendment saying that asylum could be given to any of the 22,000 Chinese students in the US who feared similar treatment on their return.

Peking given Soviet summit assurances

MR IGOR ROGACHEV, Soviet Deputy Foreign Minister, wound up two days of talks with Chinese officials by saying the results of the latest US-Soviet summit would help contribute to better Sino-Soviet relations, our Peking correspondent

reports. At a news conference in Peking, he was also optimistic about the possibility of a summit between Mr Mikhail Gorbachev, the Soviet leader, and Deng Kiaoping, China's elder states-

man.

"We consider the results of the Washington summit will positively influence everything, including Sino-Soviet relations."

Mr Rogachev said. "We think a meeting between Chinese and Soviet leaders will eventually take plees." der shooting brought their rela-tions to a new low.

Kenya expelled the Ugandan high commissioner and his dep-uty and withdrew its own top two diplomats from Kampala.

The Kanyan Government also

take place."

To underline Moscow's interest in better relations with Peking, Mr Rogachev announced that a working group of Chinese and Soviet officials would begin detailed discussions next month in Moscow on the disputed Sino-Soviet border.

Company Notices



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In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from December 23, 1987 to March 23, 1988 the Notes will carry an interest rate of 8% % per annum.

The interest payable on the relevant interest payment date,
March 23, 1988, will be
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and FF 2,243.40 per Note of FF 100,000 nominal



John Elliott reports on the success of the Indian and Pakistani tradition of arranged marriages

Weddings which put romance in the shade

"SLIM, tall, fair-skinned, attractive, convent educated, 34-year-old Oxford and Harvard graduate, progressive outlook, seeks good-looking man of landed Sindi background, modern and willing to permit independent pursuit of public career. No down wanted."

This small ad has never appeared in the matrimonial columns of Karachi's Dawn news-paper, but its specification was no doubt in the mind of Miss Benazir Bhutto's sunt when she set out a year or so ago to arrange a marriage for a highly westernised niece, whose public life as the leader of Pakistan's main opposition political party made a preferred conventional omance impossible

Last Saturday, Miss Bhutto married her aunt's choice, a 34year-old building developer and landowner, forsaking her earlier open and free ways for a tradi-tional arranged marriage. Like most other men and women in Pakistan and India, she was turning aside from an increasingly westernised and consumer-oriented society to accept a partner she scarcely knew.

Hers was the latest of three glittering Moslem and Hindu

glittering Moslem and Hindu lesser degree by parents and ranging from India's Hindu forweddings in the worlds of polictics, former royalty and international business, which have conventions that make westerntaken place on the Indian subcontinent during the Novembercoult, if not impossible.

Such arrangements are also
dants of the Prophet

Kenya and

THE Kenva-Uganda border reopened yesterday following violent border clashes last week, but Uganda sald there were still

problems hindering the free flow of trade, **Ecuter reports from**

Manpaia.

Mr Tarsus Kabwegyere, Ugandan Minister of State for Foreign Affairs, said the Malaba border post had reopened to vehicle traffic, but Kenya was not allowing all trucks loaded with Ugandan and though the same of the same than the same of the same of

"Our supply of oil has been held up for two weeks and there are plenty of oil tankers being held up at Malaba," he said.

Kampala's filling stations ran out of petrol at the weekend despite fuel rationing, and by Tuesday most buses and taxis in

the city had been halted.
Mr Kabwegyere taid Uganda's second main border post with

Kenya, at Busia, was still closed and the ferry service which car-ries rail traffic across Lake Victo-ria between the two countries

through the Kenyan port of Ki umu was still suspended.

thesidents at the border, confirmed that Malaba had reopened to vehicle traffic and that Busia, where the border clashes began on December 14, was still closed. At least 15 people were killed during the three days of fighting. Each country blamed the other for starting the clashes.

Shipping sources and Ugandan

for starting the clashes.

Shipping sources and Ugandan trade officials said more than 5,000 tonnes of Ugandan imports had piled up along the railway from Kenya's sea port of Mombasa to Kisumu over the past eight days.

A further 1,600 tonnes of Ugandan coffee ware street in

Ugandan coffee were stuck in Uganda awaiting shipment.

Mombasa is Uganda's main outlet to the sea, although some Ugandan cargo also goes by lake ferry and rail to the Tanzanian port of Dar es Salaam.

However, diplomats in East Africa said the poor state of Tanzania's roads and railways limited the possibilities of sending

ited the possibilities of sending more traffic along this route.

Relations between conserva-tive Kenya and left-wing Uganda.

have been deteriorating for more than over a year, with each side accusing the other of supporting rebels and dissidents.

However, last week's cross-bor-

The Kenyan Government also sent home 12 Ugandan trade

officials based in Mombass, a move which Mr Kabwegyere said would hamper Uganda's ability to move cargo through the port.

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Interest Amount per

Interest Amount per

FRF 10.000 FRF 218,4 duc March 15, 1988

FRF 100.000 FRF 2.184.due March 15, 1988

Société Générale

Alsacienne de Banque

Succursale de Luxembourg

dents at the border, con-

dan imports to go through.



OVERSEAS NEWS

ried Asif Zardari

December marriage season.

Such arrangements are also dants of the Prophet Like most marriages in India, aimed at protecting the successand in Pakistan where women's sion of property, status and the rights are specially limited, they traditions of castes, tribes, relified arranged marriages, often were all arranged to a greater or gloss and other communities, through newspaper adverts, the

owning Moslem families of Pakistan's southern province of Sind A royal wedding 10 days ago linked Kashmir and Gwallor hrough the marriage of two Hindu members of the princely Kshatriya strand of the Indian land-owning Rajput caste.

An extravagant wedding was celebrated last week between two Hindu trading families, who emigrated to India from Sind at the time of partition 40 years ago and now run international busiand now run international businesses in Europe, the Middle East, and the US. A wish for a Sindi marriage led to them back to their roots. The match links the Hindujas, originally from the Shikapur trading caste, and the Mukhis from Hyderabad near Karachi.

"We chose a bride from our area because, as Sindis, they have the same background, so there are no different cultures and traditions to create prob-lems, said Mr Srichand P. Hin-duja, father of Shanu, the 23-year old bride. "But we are liberal - we gave them two months to decide after we had chosen them," Mr Janki Mukhi, the father of Suren, the 24-year old groom, added laughing.

The couple in the Kashmir-Gwalior match met at a dinner arranged by the parents after the bride, from the Gwalior side, had

only way to secure a partner.

The Bhutto-Zardari wedding get married and were engaged bound together two feudal land- for a year. So it's not really an arranged marriage, nor even guided, but let's say encouraged, said Dr Karan Singh, heir to the defunct Kashmir princedom and father of the groom.

> Such a marriage is little different to those in many western families, and a parallel is often drawn between the careful family vetting for, and restricted choice of, Prince Charles with Lady Diana Spencer. European royalty apart, however, the main difference is that the young on the Indian sub-continent assume that their parents will make a sensible options, whereas parents in the west are rarely given such

In India, a young woman's unmarried affairs make her a less marketable partner - not so much so for a young bachelor. In Pakistan, where women's scope is less, many rich, urban, Moslem an opening to see marriage as and sexual freedom denied to single people. "Marry someone rich and then enjoy yourself," one professional marres in her one professional woman in her 20s was advised by a 65-year-old, distinguished, female relation.

In the feudal areas of Pakistan, such as Sind, it is quite usual for a rich man to have more than one wife. Miss Bhutto's late one wile. Miss butto late intends to make his choice, father, the prime minister Mr marry, obtain her a US visa and Zulfikar Ali Bhutto, was married take her back with him to the in an arranged feudal match US – all within the next three with a woman about 10 years weeks.

stayed in the interior of Sind and he then chose Begum Bhutto, his generally recognised wife and Miss Benazir's mother. Later he

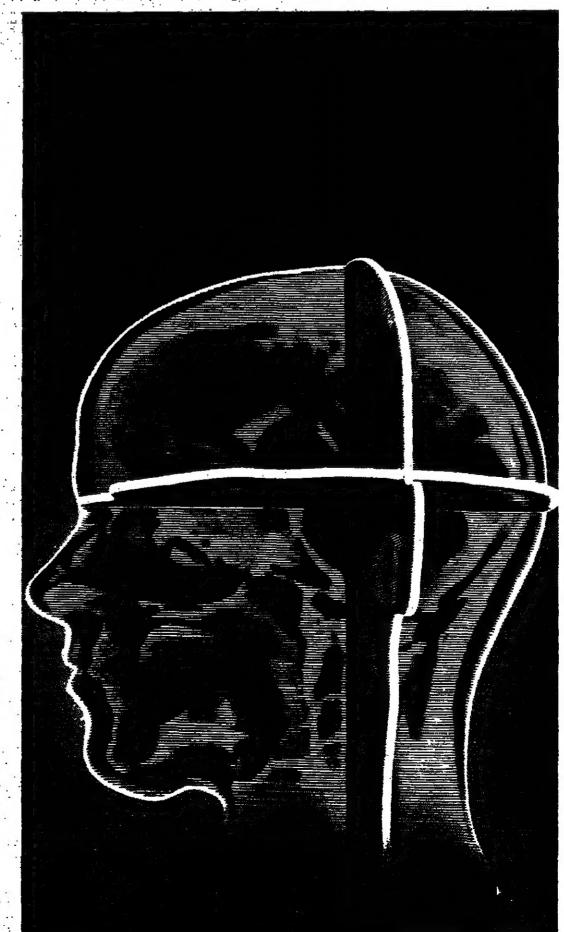
Although styles are changing, even the most modern women accept that an arranged marriage may well have more chance of success than a love match. "You nut more effort into making an arranged marriage work because of the family pressures on you and you don't get annoyed just because he snores," said an Indian international airline stewown choice one day.

Thus the idea of an arranged marriage, which horrifies west-ern sensibilities and causes problems for immigrants to the UK and elsewhere, has virtually total support on the sub-conti-nent, if not total observance.

One young Pakistani engineer who lives in the US, is toarrive in Lahore this week to inspect three women who have been vetted by his mother on four crite-ria, in this order: fairness of skin, shape and beauty of face, family pedigree, general demeanour. The wedding date has been set for early next month, the hall booked and the invitations gone for the bride's name. The man

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US budget-making evades tough political choices

THE last-minute resolution of the 1988 budget on the eve of the Congressional break for the Christmas holidays has again focused attention on US budget making. The process is both consuming inordinate amounts of legislative time and energy, yet still not addressing decisively the political choices that need to be made to tackle the nation's fiscal

The budget accord was sent

promptly to the White House. There are two bills for President Ronald Reagan to sign, one implementing the tax increases and one containing spending provisions. Together they are designed to reduce the budget deficit by some \$30bn in 1988 and a further \$46bn in 1989. Mr Reagan's approval seemed assured. In the final tense hours of negotiation legislators on Cap-itol Hill dropped provisions that the President had threatened would lead to a veto of the budget legislation, including one which would have required broadcasting stations to give free air time to opponents of views expressed in earlier program-

The budget legislation does, however, contain numerous prosions which it is assumed the wisions which it is assumed the White House would have opposed if they had not been rolled up into the two spending and taxing packages. One is a massive so called "continuing resolution" providing for \$600bn of overall spending to replace the 13 individual appropriations bills that have not been resead.

Stewart Fleming in Washington on the slow progress of key legislation

bill which makes the changes in law required to adjust the tax code and so called entitlement programmes such as the Federal medical insurance system, bene-fits under which are not varied annual Congressional appropriations.

The tax legislation for example ontains a provision which denies American corporations double taxation relief on profits earned and taxed in South Africa. The provision was inserted by critics of aparthied and designed as a further tightand designed as a further tight-ening of sanctions against South Africa. The Administration has consistently opposed imposing economic sanctions against Pre-

In spite of the spending cuts and the \$9bn of additional taxes which are scheduled for the 1988 fiscal year most private economists are still predicting that the Federal budget deficit will rise from the \$148bn recorded in 1987.

of overall spending to replace the 13 individual appropriations bills that have not been passed separately.

The other is a reconciliation for much of the decline in the supporters of the budget package 1937 budget deficit from the say, provides some grounds for 5221bn recorded for 1986.

Without the \$30bn of deficit tackled more vigorously by Mr reductions for 1988 many private Reagan's successor.

economists have forecast that the deficit would have risen to between \$180-190bn. These projections are of course heavily influenced by the underlying economic assumptions and in recent years forecasts have been notoriously unreliable.

To those who argue that the budget process is to blame, however, comes the response that the fallure of the process.

the failure of the process is partly a manifestation of the conflict over political priorities amongst legislators on Capitol Hill as well as between the Democrat-controlled Congress and the Democrat-controlled Congress and

ocrat-controlled Congress amuthe Republican President.

The fact that the additional \$76bn of budget deficit reductions for 1988 and 1989 has been approved at all is attributed in large part to the plunge in the stock market on October 19, which triggered a renewed effort by the White House and the Con-gressional leadership to tackle the deficit issue in order to try and reassure the financial mar-

That effort, however, is being judged at best a marginal success. No major changes in spending or taxing priorities have been made which will ensure that the contract the state of the sta that over the next several years the deficit will be eliminated. Federal budget deficit will rise
from the 3148bn recorded in
1987.

A extraordinary rise in tax
revenues last year which will not
for much of the decline in the
supporters of the budget package

Brazil tax package 'bearable'

BY ANN CHARTERS IN SAO PAULO

nessmen in Sao Paulo stating that once again the onus of reducing the Government deficit fell on the private sector paying increased taxes, while govern-ment expenses were minimally

Acting Finance Minister Mr Mailson da Nobrega said that the package was intended to help contain the 1988 government deficit to 2 per cent of GDP, compared to a this year's expected deficit of 5 per cent.

Italians,

venture By David Lane in Milan

Moscow in

engineering

THE FATA group, a subsidiary of FKI Babcock, has

signed an agreement to establish a joint venture

with Prommashexport, the

Russian export organisa-

aussian export organisa-tion. The operation will be based on an Italian joint stock company with head-quarters in Turin, where Fata also has its offices.

Fata also has its offices.
Fata's general manager,
Mr Luigi Bagnasco, said the
joint venture was the first
of its kind undertaken by

the Russian organisation.

Details of the share capi-

tal of the new company have not yet been settled, though the Italians and the Russians will hold equal

Mr Bagnasco said the com-

pany will be fully opera-tional by February. It will work in contracting and

engineering in third countries, particularly the Indian sub-continent and African states with which

will provide market con-tacts while the Italian company will supply technologi-cal know-how.

However, Fata and its Soviet partner will soon be establishing a similar com-pany to operate within the Soviet Union.

Fata has already considerable experience of working

He noted that collaboration will now be closer, extending beyond the sup-ply of equipment and into support in operations and management.

The Italian company

with Soviet con-

Mr Bagnasco said that

Moscow has close ties. The Soviet organisation deficit might go as high as 7 per

Mr Mairo Amato, president of FIESP, the Sao Paulo State Federation of industry, said the tax package was "bearable" and that business was tired of "packages and mini-packages that yield no

Tax reforms include increased the Amazon until January 4, taxes for employees, especially there is little likelihood that a those with two jobs, increased taxes on short-term financial named in the interim.

REACTION TO Brazil's much-awaited fiscal reform package announced late on Monday ranged from boredom to busi-passamen in San Paulo estating profits from exports of manufac-tured goods and inflation correc-tion on progressive tax tables.

> Proposed new taxes on capital gains and state taxes were put into bills for commercial consid-

With President Jose Surney now on an extended holiday in his home state of Maranhao on

Moscow disarms in war of ideas

the US Information Agency, says Mr Mikhail Gorbachev

says Mr Mikhsil Gorbachev and other Soviet officials told him they wanted to take the harsh edge off the propaganda war between the superpowers, AP reports from Washington.

"It looks like we are now abolishing a whole class of weapons in the war of ideas — disinformation," Mr Wick said on Monday.

During the past year, US officials have complained increasingly about Soviet disinformation, including reports that the US government developed AIDS, that it has a weapon which kills only non-whites and that it played a role in the assassination of Mrs Indira Gandhi, the Indian Prime Minister, and others.

dni, the indian Frime Minis-ter, and others.

Mr Gorbachev, during a meeting last September with Mr George Shuitz, US Secretary of State, com-plained about American charges that the Kremlin was lying about the US was lying about the US.

was lying about the US.

Their heated exchange seems to have led to a high-level review of Kremlin propaganda and, on October 30, the Soviet newspaper izvestia earried an article that quoted two senior Soviet scientists who were refuting earlier stories in the Soviet press that AIDS was developed in a US government programme. AIDS was a natural development, they said. they said.

they said.

During the December summit in Washington, Mr Gorbachev and other Soviet officials said they wanted to cool the propagands war, Mr Wick, a close friend of President Ronald Reagan, met on December 9 Mr Sergei Losev, head of the official Tass news agency, Mr Aleksandr Aksyonov, head of Soviet radio and television, and Mr Valentin Falin, head of the semi-official Novosti news agency.

Novosti news agency.

"We had a surprisingly agreeable meeting," Mr Wick west on. "They indicated there would be no more disinformation. Then more disinformation. Then they went on to accuse us of an unfriendly tone in the Voice of America," the offi-cial US radio station, he said. "This is apparently a new policy, which we hope is for real." Tim Coone reviews violent reaction to a backdrop of discontent

Paraguay's bitter 'democracy'

office at Paraguay's river port of for all intents and purposes Encarnacion. Unlike other ports expelled from the party. Mr of entry to many Latin American Aderete claims nonetheless that countries, it does not say "rel-they are in the majority and in the past have assured General In case visiture arriving from Stroessner of a broad political

the other riverbank in Argentina are left in any doubt as to the

are left in any doubt as to the father of this concept, the sign adds: "Alfredo Stroesmer. Anticommunist action group."

President Stroesmer's 33—year—old dictatorship is approaching maturity like an over-ripe fruit preparing to fall. In the eyes of regime, adding to the growing many observers, the decadence and corruption of the regime thave placed it in an irreversible decline from which only an eco
The immediate target is next. decline from which only an economic miracle, such as the discovery of oil (being searched for in the north of the country)

might save it.

The ruling Colorado party, the political base and pillar of the regime, is now deeply divided. The latest and most damaging split occurred last August following a convention to elect the party's authorities.

When it heaven increased that

When it became apparent that there was to be a serious chal-lenge to the President's yes-men being appointed to head the varibeing appointed to head the various committees that control the party machine, the building was surrounded with police and soldiers and only those delegates who were known supporters of Stroessner's nominees were allowed to enter and vote. "It was a farce," said one of the barred delegates, Mr Jose Alder-eta. He is the leader of the youth wing of the party which sup-ports the faction known as the

After the convention, key cabinet posts were taken over by the after speaking at an opposition "militant" faction supporting rally. He had called on the Colo-General Stroesmer, and the Colorado party to choose a presidential party candidates for next tial candidate which would

"DEMOCRACY without community selections to the Connism" says a large sign natied gress have all been drawn from over the shack that makes do for the "militant" list.

The "traditionalists" have been a living to enter a farmers' leader who was leading the occupation of a piece of land by 500 families which have been a living list.

base of support. He is now faced with an unprecedented array of opposi-tion forces. Businessmen, the church, trade unions, students

consequences.

The immediate target is next. February's elections, in which General Stressner has assured himself of the Colorado party's candidacy for another four-year term as President and in which stional seats come up for

Two parties besides the Colorado play a token role of opposi-tion in the Congress.

The untamed opposition is divided into two camps - one in favour of total abstention in the elections, the other in favour of voting but leaving the bellot papers blank in protest at what they believe will be a major fraud. Voting is compulsory however, and the Government has promised to get tough with those who are campaigning

One such person, Mr Rafael Saguier, a leader of the PLRA party (Partido Liberal Radical Autentica) has been kept in soli-tary confinement since his arrest last August on charges of sedi-tion and instigation to violence,

practically all the Paragusyan political prisoners in the past two years have come from the ranks of the PLRA, which on an international level is ideologically close to the ruling Radical party in Argentina, headed by President Raul Alfonsin. Other farming it for the past 10 years. The land reform agency IRR

ruled earlier this year that they should be given titles to the property, but instead the Government forcibly removed the criment in favour of a rival claim made by a French land-owner Mr Jose Terbiaul. As if that were not enough, Mr Ter-biaul is a fugitive and wanted by prisoners have fared worse than Mr Saguler, report published last month A report published last month by the Organisation of American States (OAS) on human rights in Paraguay notes "the use of brutality is common. Criminal suspects as well as supposed political infractors of the law, are arrested and during their first or second week of detention are submitted to avatematic torture. the French police. Mrs de Pintos was arrested in September and suffered an abortion in prison.

Human rights leaders say that the regime is becoming increas-ingly dangerous, and as it becomes more unstable and isolated will be more liable to use violence against the opposition and even against critics within

It says women prisoners are also "subjected to sexual abuse and rape." Recent declarations by Government leaders that "verbal agressions deserve a physical response" leave little doubt that the practice that the judicial power has been deprived of the independence necessary to comply with its function as the protector of citizens' rights."

We Corazon Medical pendence necessary to comply with its function as the protector of citizens, rights."

"Mr Corazon Medina, a peasant farmers' leader has staged three hunger strikes in the past year against his illegal arrest and conditions of imprisonment. He is at present at liberty "but I am expecting to be arrested again at any moment." he said.

Mr Domingo Lano, another a teady disintegration of the Government, said: "If things continue as they are, the regime may not last more than a year," he said. "But if, say, oil is discovered in the Chaco this could give it a margin to survive indefinitely."

Other opposition leaders say it

expecting to be arrested again at any moment," he said.

The land question is an increasingly contentious one in Paraguay, as the land reform begun by President Stroessner 30 years ago has run out of steam, and become bogged down in corruption, further eroding the traditional base of support of the Stroessner has built around him to assure his prepetuation in regime.

One of the latest political prisoners is Mrs Norma de Pintos, to overthrow him.

submitted to systematic torture to extract information."

Nicaragua peace talks round called off

A SECOND round of Nicaraguan Bravo, the Roman Cathotic peace talks was called off yesterday as the government claimed it had repulsed attacks by the reconsider. No further meetings US-backed Contra rebels on the were scheduled and the church north-east of the country, Reudelegation would return to Manter reports from San Domings and Managua.

But Desident Daniel October 1

The Contras refused to meet two foreigners appointed to negotiate a ceasefire on behalf of the left-wing Sandinista govern-

Cardinal Miguel Obando v

But President Daniel Ortega of Nicaragus claimed that government troops were pursing Con-tres as they fled for the Hon-duran border, having attacked mining towns in north-eastern Niceragus.

Parizeau runs for Parti Quebecois leadership

MR JACQUES PARIZEAU, Que of Montreal having resigned bec's Finance Minister from 1976 from the PQ Government in 1984 to 1984, has decided to run for in protest against the party's leader of the opposition, pro-in-dependence Parti Quebecois, Rob-ert Gibbens reports from

The top position became available as month ago when Mr Pierre Marc Johnson resigned suddenly, unable to hold har-dine PG separaties and moder-

and the making the state of the state of the

the Quebec Liberals under the

plans to drop independence from the top of its programme. The PQ later lost the provin-cial election of December 1985 to

Premier Mr Robert Bournsse • Former Canadian cabinet minister Mr Andre Bissonnette, dine PQ separatists and moderand his associate and blind trust co-executor, Mr Normand Ouellette, have been ordered to standing economics at the University trial on charges of fraud

WORLD TRADE NEWS

David Barchard reports on the first fruits of a novel approach to attracting capital investment

Turkish Premier's pet project transfers into reality

of 10 contracts involved in setting up a 4 x 350Mw, coal-fired
power plant at Gazi on the Mediterranean coast, which will be
operated on a franchise basis. It
also announced that five internamore foreign investors form a
consectium with a Turkish gave

JUST OVER three years after it is not clear. BOT has generally "build-own-transfer" franchise house that will attract foreign investment into joint ventures the country additional access to well on the way to becoming a reality.

Last weekend, the Turkish efforterment signed the second of 10 contracts involved in setting up a 4 x 350Mw, coal-fired power plant at Gazi on the Medi-cover of the structural projects. These is simple, though the power plant at Gazi project the other a 1,000Mw power plant at the total cost but most of the bidders, has which the Electrical Power of a late 1890s. The Gazi project the other a 1,000Mw power plant at the total contents alone is for a 1,400Mw plant to alone is for a 1,400Mw plant to be built and operated by a content of lands.

The attraction of the model for a 1,400Mw plant to alone is for a 1,400Mw plant to be built and operated by a content of allows. The country additional access to form the way to becoming a infrastructural projects. These foreign bidders have been which tha Electrical Power of the total contents of the total contents alone is for a 1,400Mw plant to alone is for a 1,400Mw plant to be built and operated by a content of lands.

Segon coast north of lands.

Agean coast north of lands.

Agean coast north of lands.

An implementation agreement was signed on December 11, followed a week later by a conducted at a cost of the total cost but most of the total cost but most of the total contents and acceptance which the Electrical Power of the total cost but most of the total contents to alone is for a 1,400Mw power plant to which the Electrical Power of a late 1890s. The dazi of a late 1890s. The dazi of a late 1890s. The other a 1,000Mw plant to which the Electrical Power of a late 1890s. The other a 1,000Mw power plant at the which tha Electrical Power of a late 18

also announced that five international consortiums were bidding for a similar build-own-transfer contract to construct and run a metro system in Ankara, the capital.

This marks a significant evolution in attitudes. A year ago, some of the bidders were saying privately that they did not believe BOT could be applied to transport projects.

Meanwhile in Turkey there is a spate of local 'BOT' schemes without foreign involvement, mostly of small hydroelectrical projects, but including such novelties as a post office tower and revolving restaurant which is rising rapidly above the Ankara more foreign investors form a consortium with a Turkish government agency and operate a build-own-transfer so small hydroelectric plants of the Gazi power plant. The project is financed by a limited amount of equity, export credit loans and a commercial clan, with the financing found the power plant credit loans and a commercial eign businessman working on the power plant. There is no sovereign guarantee and the investment does not apear as a government balance-of-payments in a superior and market guarantees are new era.

revolving restaurant which is rising repoliting restaurant which is rising rapidly above the Ankara price and market guarantees are new era.

Sky-line.

Why the Government prefers promise to step in if the Turkish a country which imports about franchise arrangements for local side fails to make payments on two-thirds of its energy, access to projects with no foreign partner time.

There is a spate of local small hydroelectric projects, but

build-own-transfer schemes, mostly including a post office tower

minal, operation and maintenance, and share transfer will be signed in the next few months.

Seapac, a company little known outside the Australian state of Queensland, says that the project should be fully opera-tional 54 months from last Sep-tember.

It will be followed by two others, one a 2 x 480Mw, coal-fired station at Tekindag, near Istanbul, to be built by a consortium headed by Bechtel of the US, and

likely to put up some of the izmir-Urta-Cesme, the 52km Tar-equity for the first one or two sus-Pozanti and a possible 120km power plants.

lar infrastructural projects in the ratio already more than 40 per Third World. A more advanced version of it is already being discussed for a project in Pakistan.

However, the Turkish Government has found it harder to attract foreign investors through the device for non-energy projects, particularly in transport. The Ankara metro project invites will step forward. The Government to cover only a portion of the total investment cost, with the balance being assumed by the Government. UTDC of Can-

the cost to the end-user - in line
with existing electricity costs in
Turkey - is likely to be far
higher, at about 8 to 10 cents.
Strong interest has been projects tendered this year. Now
shown in the projects by bodies
such as the international
such as the international
the solution of the solution

power plants.

The expectation is that the Gaziantep to Habur.

BOT model will be used for similar infrastructural projects in the ratio already more than 40 per cent, there is a limit to the additional Turkish exposure that

Dubai-London fare war ends

Several international airlines on the London route. By Novemmet the authorities at the end of ber, some of the European carri-

A FARES war on the London-Du-October, requesting them to pro-bai air route has been halted by vide a framework within which an agreement to which all the the airlines could operate their an agreement to which all the time straines could operate their agreed.

Diplomacy by Dubai's Civil Aviation Authority (DCA) seems to have been at least partly instrumental in bringing about a truce between the carriers involved. Mr Mohieddin bin sair, as well as Dubai's national carrier Emissions. Hindi, Director of the DCA, says carrier, Emirates, which began that the negative aspects of a daily flights to London in July.

Different interpretations of previous fare agreements had resulted in various special offers

Pakistan to build 3 harbours

ers were claiming that it was becoming uneconomic for them to ply the routs. Although the established carti-

In October and November, traffic was up by 36 per cent compared to the equivalent period of 1886. The recent agree-ment is expected to bring stabil-

cut tariffs on 107 items

JAPAN'S Ministry of Finance said yesterday that an advisory council had proposed tariff cuts of up to 100 per cent on 107 imported items, including choco-lates and skis, and a rise in as seem to have seen Emirates of up to 100 per cent on 107 as new competition on a route already heavily served, the air-line states that the company has increased traffic by creating a to preferential tariffs, Reuter ports from Tokyo,

The council proposed a cut in tariffs on chocolate confection-ery to 10 per cent from 20 per cent, the ministry said.

passing Parliament early in 1988, officials said. European countries have urged Tokyo to make the cuts.

cut to EC levels

Rabin returns to Israel with US defence deals

Probably more substantial was

terday described the final breakdown as a "good compromise".

A formal contract on the project is to be signed by the US

Strategic Defence initiative the US congress agreed deal, the US Congress agreed during for Rabin's visit to allocate an initial \$8m for work on Popeye air-to-ground missiles by Rafael, an Israeli weapons manufacturer.

Swiss sign power plant deal with China

By Our Peking Correspondent THE Bank of China and a syndicate of Swiss banks, led by Credit Suisse, have signed two loan agreements totalling SwFr155m (\$65m). The loans will be used to finance the Swiss portion of a power plant complex to be built in Shanghai. Two Swiss companies, BBC Brown Boveri and Sulzer Brothers, are involved.
Both have been awarded contracts by the Chinese authorities to supply power equipment for two 600Mw coal-fired plants.

This is the first large loan for a specific project in China to be provided by Swiss banks. It is also the first one denominated in Swiss francs, rather than dollars, for a large project and represents a large expansion of the Swiss

a large expansion of the Swiss presence in China.

"We didn't want to come in with just a \$1m loan," said Mr Joerg Huebner, vice-president of Credit Suisse's export finance division. "We wanted to do a big loan and flex our muscles."

Mr Huebner dealing to the Mr Huebner declined to disclose the interest rate and repay-ment periods, although part of ment periods, although part of the loans would be repaid at a fixed rate, he said, adding that the structure of the loans provides the Bank of China with choices as to the date of maturity and the rate of interest to be paid.

The Credit Suisse syndicate also includes Union Bank of Switzerland, Swiss Bank Corporation and Swiss Volksbank.

The remainder of the \$364m

The remainder of the \$364m The remainder of the \$504m project will be financed through loans stready announced. The main banks involved are believed to include US Eximbank, Cofas, First Chicago and lamanese banks. Japanese banks.
The power plants are expected to be completed in 1992.

Taiwan vehicle imports likely to hit record

TAIWAN'S vehicle imports and its domestic production are expected to hit record highs this year, due to a tariff cut and the rising local currency, Renter

reports from Taipei.
Imports, including light trucks and cars, totalled 33,815 units in the first 10 months of the year against about 20,000 a year earlier.

works in two areas, engineering contracting and plant automation. Mr Bagnasco said the main sectors in which Fata operates are agri-industry (refrigeration and packaging), mechanical engineering and metal Fata employs 500 and will achieve sales of nearly L400bn in the current year. About three quarters of its sales are in export markets.

It has recently announced

a long-term agreement with Kenya for various mechanical engineering, metallurgi-cal and agri-industry proj-

PAKISTAN will build three modern fishery harbours in order to increase marine food production and exports. The three ports, for two of which international tenders are to be called, while tenders for one have already been granted, will cost Rupees 1.8bn All the three ports will have the most modern processing and preservation facilities.

The fishing industry is being harbour at Karachi will also be expanded at a cost of Rs250m. source of foreign exchange.

Japan may

The proposels are expected to be implemented in the fiscal year starting next April, after

The council also proposed tariff cuts of up to 100 per cent on 72 items, including skis, cork products, wool, gold jewellery and electric razors, imported from Spsin and Portugal Both countries became European Community (EC) members in 1986 and their tariffs on Japanese products have since been cut to EC levels.

MR YITZHAK RABIN, Israel's Defence Minister, has returned from a week-long visit to the US, with Important agreements that will benefit the country's alling military industry.

On his first stop, in Washington, the Mr Rabin signed an 10-year memorandum of understanding, giving Israel equal footing with Nato countries in bidding for US military tenders. Israeli defence companies have long complained of discrimination in US markets through a lack of adequate status.

Probably more substantial was

the agreement by the US to finance 80 per cent — instead of only half, as it had insisted — of the \$160m (\$83m) in development costs for the Arrow Project, a short-range anti-bailistic missile system. Israel had hoped the US would foot 90 per cent of the bill but an aide to Mr Rabin yesterday described the final breakdown as a "good compromise".

The US Defence Department says it will finance two thirds of the total cost of this project, which will involve supplying 40 targeting systems to the Israeli air force and 80 to the US Marines.

In a third defence related deal, the US Congress agreed during Mr Rabin's visit to allocate an initial \$8m for work on Popeye

Methane danger prompts review of landfill sites

AN URGENT review of potentially dangerous methane gas emissions from landfill waste disposal sites was started by the

Government yesterday.
Her Majesty's Inspectorate of Pollution is sending letters to all local planning and waste authorities. ities warning of a significant risk of accidental explosion if sites are not properly managed.

The letter calls for a review of

existing site licences and for details of landfill areas close to housing or industry.
It also asks for information about completed sites which have been used for construction or for which planning permission has been given.

The review follows a series of explosions this year caused by gas leaking from landfill sites. These have damaged property, caused injuries and resulted in at

east one death. The inspectorate is also anxious to deter developers from building on former landfill sites until the danger of explosions has subsided, which can be 10 to 20 years after sites are closed. In England and Wales about 18m tons of domestic waste a

year is deposited on about 4,000 landfill sites.

gas. In addition, England and Wales produced about 50m tons of industrial waste, most of which goes to landfill.

Gas is predominantly a prob-lem on sites developed since the early 1970s. Before then, the putrescible matter in waste, which produces methane, was mainly deposited on gardens or burned in domestic fires.

In its letter to authorities, the in us letter to authornes, the inspectorate estimates that more than 60 per cent of active landfill sites and 75 per cent of those closed in the last 10 years are generating gas in sufficient quantities to require continuing professional surveillance and proper management."

Many site licences issued by local authorities do not require operators to control landfill gas, says the inspectorate. There is iso concern about the lack of information on former sites.

Cleansway, one of the largest landfill site operators in the UK, yesterday said the action taken by the inspectorate would help restore public confidence in landfill for waste disposal.

The company said it has a pol-icy of monitoring emissions from closed sites until there is no lon-Theoretically, this could pro-duce up to 3m tons of methane being produced.

Fiona Thompson takes the wraps off the yuletide ritual of corporate giving and receiving

Drinking in the spirit of Christmas present

THE BELLS of Christmas can be exchanges of gifts will present heard clinking out discreedy at the receivers with no enduring this time of year. And the Haig, sense of obligation. They tend to the Johnnie Walker and the choose items with a short life: froductife or game. Famous Grouse. It is the traditional season for giving - and for keeping pretty quiet about receiving, in business circles at

Companies will cheerfully recount their list of Christmas relief. By law, companies may presents sent to favoured busi-spend a maximum of £10 per ness contacts - anything from person on a business gift and pens and golf balls to hampers claim tax relief. But the gift pens and golf balls to hampers full of choice food and claret -but then become remarkably reticent when asked what flows in: "Just the odd calendar" is the

Just the odd calendar is the most common response.

There is clearly a delicate balance to be struck to satisfy both propriety — no one likes to feel they can be bought — and, as far as the givers are concerned, the Inland Revenue.

Gift-giving on the international scale can be a still more dainty matter. There are unexpected hazards confronting com-

pected hazards confronting com-pantes which with the best will in the world, send presents to their business contacts overseas where different standards - in

where different standards — in every sense — may apply.

A British shipbroking company will not be sending a gift of ripe Stilton to Japan this Christmas. They did so for ages before someone pointed out that the Japanese detest strong-smelling cheese; it is about as welcome as fragrant, fermented bean paste would be to the average turkey-eating UK company director.

THE REED for the Government tourgently consider longer-term provision of more runway capac-ity at London airports is stressed by the Civil Aviation Authority

in a letter to Mr Paul Channon,

Transport Secretary.

Mr Christopher Tugendhat,
CAA chairman, has sent the letter along with the report of the

special committee set up last year at the request of Mr Chan-non, then Trade and Industry Secretary, to study the possibil-ity of increasing the use of run-

should be published at this stage

foodstuffs or soaps.

UK business people, on the other hand, are obliged to give presents to one another which promise a little bit more permanence if they are to attract tax must not consist of food, drink This does not seem to deter

many from making gifts of con-sumable, and more especially drinkable, items which do not attract the Revenue's goodwill.

Buyers with long experience in the business will confirm that the halcyon, or, depending on your point of view, hellish days of being offered free double glazing a conservice a point of fer ing, a car service, a paint job for the house or a fortnight in Majorca have long gone. The shifting moral climate has made

eating UK company director.

The Japanese, who follow a strictly hierarchical pattern of the rest of the traffic.

As for food, Harrods sells magazine Chief Executive, industry to see lavish gifts among senior UK managers around, "one just doesn't see corporate giving, try to ensure ranging in price from \$25 to receiving gifts, supports the them now."

Cofficielly, the company states

THE NEED for the Government because it dealt with longer-term Heathrow and Gatwick to accom-

matters the committee thought

important to publicise.
Mr Tugendhat said the com-

mittee was given strict terms of reference, and its report would

"produce small but nonetheless valuable increases in hourly movements, especially during peak periods at both Heathrow

Wherever possible, the com-mittee's recommendations have

already been implemented within the CAA's own powers,

CAA calls for London airports expansion

IT'S ABOUT YOUR ATTITUDE TOWARDS CHRISTMAS CHRISTMAS INDUCEMENTS , PICKERING ...

arrives in something resembling a laundry basket but turns out to have crystal glasses and silver-plated dishes nestling among the nate de fois gras, caviar, and fine wines. According to Ms Zelda

modate the currently forecast future growth in demand in the south-east."

demand for more aircraft move-

ments at both Heathrow and

at record levels, some II per cent higher than last summer at

leathrow and 16 per cent higher

position to meet part of future growth when the new terminal

facilities become available there

While Stansted will be in a

at Gatwick.

Gatwick next summer is already

With traffic rising strongly, the

are those who supply, and wish continue to do so. More than 50 per cent of the 145 managers responding to the questionnaire said it was their

shifting moral climate has made people wary of accepting gifts which might imply an obligation. But while diaries and calendars may indeed be the most popular gifts these days, alcohol and food follow closely behind.

Research commissioned by William Grant, the whisky distillers, found that 65 per cent of all business gifts between companies come in glass bottles, over two-thirds of them containing whisky. Wine accounts for most of the rest of the traffic.

wines. According to Ms Zelda McCreedy, who manages the food hall's gift box section, about 20,000 of the hampers are manager at Jaguar, said: "We over our desks – diaries and calendary ing, advertising, banking, the endars from sales managers." The days of expensive gifts filling buying offices have been on the ware "for some considerable fiddich and sides of smoked time."

So just who receives the Glenting buying offices have been on the ware "for some considerable time."

Mr David Boole, the company's director of public affairs, said that whereas 10 to 15 years ago recent survey conducted by the

port capacity to serve the London area.

The CAA had begun a \$200m programme to modernise and

expand air traffic control facili-

"While these improvements should allow airspace capacity to

handle markedly greater num-bers of aircraft movements than

*Only through the provision of

they can at present.

ties over the next five years.

compromise them. In practice, accepting all gifts.

"no one would grumble about a bottle of wine or whisky - provided it's not a special malt," said Mr Boole.

"accepting all gifts.

As for bosses themselves, about two-thirds said they had personal rules of not accepting gifts in certain circumstances;

a day's clay pigeon shooting, rac-ing at Silverstone or classical music evenings in stately homes.

largest construction companies, provided a comprehensive list of Christmas gifts it sends out - 6,500 company diaries, business card holders, address books, calculators, travel alarm clocks, coff culators, travel alarm clocks, golf balls, fountain pens, letter openers and pen knives - to its prime business contacts, but declined to comment on the inward flow.

At Marks and Spencer, the conditions of employment state that traditional acceptance of that the members' moral code Christmas presents should be prohibits them from accepting treated sensibly, but money in any form and hotel, holiday or intrinsic value. other facilities should not be accepted. So buyers are not prohibited from accepting gifts? "I even to the summit of the west-think we can depend on the ern world. President Reagan,

that an employee must declare gifts that could be accepted, and anything other than articles of a 18 per cent said managers had to nominal value to his or her approve before an employee immediate superior who decides could accept a gift. Only 4 per whether or not acceptance would accept a gift. Only 4 per cent imposed a total ban on accepting all gifts.

said Mr Boole.

Jaguar is somewhat less for instance if they were about restrained, however, about its own giving – dealers regularly entertain their best customers to a day's clay pigeon shooting race.

tion of obligation.
This attitude is one which the ng at Silverstone or classical instanting is one which the nusic evenings in stately homes. Institute of Purchasing and Sup-John Laing, one of Britain's ply would heartly applaud. As argest construction companies, provided a comprehensive list of public and private sector and in taken a stand against what it calls inducements, according to Mr Peter Rowe, head of external

When buyers encounter bla tant examples of excessive giv-ing, the institute writes to the company concerned, pointing out 'in the nicest possible way', that the members' moral code

The ethical problems of Christintegrity of our management people," replied corporate press officer, Ms Judith McKenzie. who once gave his wife Nancy a muck-spreader for Christmas, is officer, Ms Judith McKenzie. this year spending \$800 (\$438) officer, Ms Judith McKenzie.

In the Chief Executive survey, just over half the companies said they had policies on employees accepting Christmas presents. In Pope, but under US law, the Restants are only taken. 55 per cent of cases only token gifts, such as diaries, could be received, a fifth of companies set an upper limit on the value of price to pay for a First Lady.

Labour challenge over NHS review

MR ROBIN GOOK, the shadow Social Services Secretary, has questions should help us know challenged the Government to what the Government is up to. If publish the findings of its promised far-reaching review of with a secret review meeting in National Health Service finance private, it will be obvious that and the major evidence given ministers have fixed its memberation and methods as the shadow of the review.

the Social Services Secretary, bullished yesterday, Mr. Cook also saked who was to conduct the review and who would be laulted to sive evidence to it.

change to the NHS is unlikely to be successful or sustained if it is not supported by a degree of public and professional consensus. Any report, that emerges from a review conducted behind closed doors is unlikely to command that public support.

Mr Cook told journalists at Westminster vesterday that he increasing gross domestic prod-

office systems would benefit their businesses but find it diffi-cult to explain why.

Research carried out by Arthur Young, the management consul-tants, on behalf of ICL, the UK-based computer manufacturer, concludes:

concludes:
"Office systems are perceived to be a "good thing" by organisations interviewed but in many cases those interviewed were

unclear as to how they could contribute to the achievement of

business objectives, if at all."
In the financial services sector,
the survey found managers'
attention was focused chiefly on

the changes in the business envi-ronment around them -

increased competition, deregula-tion and global marketing - and

able fully to support these requirements and that office systems — information technology tuned to the needs of individual workers or work groups —

could help: The research discovered, how-ever, that most organisations had

Office systems would

help' financial services

COMPANIES in the UK financial not incorporated information services sector believe electronic technology in their office office systems would benefit systems strategies.

the need to be able to respond speedily and flexibly to them.

They accepted their existing data processing or management ried out in the US and elsewhere information systems were not showed a significant level of the processing of the control of

t deal

Chin

ing Considerati

the review:

In a letter to Mr John Moore, the answers they want.

also saked who was to conduct the review and who would be invited to give evidence to it.

He told Mr Moore: "Any change to the NHS is unlikely to presented her with a petition."

Westminster yesterday that he increasing gross domestic prod-was deeply suspicious of the uct.

was deeply suspicious of the uct.

Government's intentions after
the reviews of social security. She said that the NHS itself
which led to a major overhaul
under Mr Norman Fowler.
He said 'The Fowler reviews
were conducted in secrecy by
committees packed with government placemen and did not publish a streed of the evidence they
received.

Where systems had been implemented; they frequently failed to meet either business

objectives or user requirements. The Arthur Young research is further evidence that UK business and industry is moving tim-

idly towards the use of informa-tion technology and failing to incorporate if into business strat-

Last month, a study carried out in the north-west by Price Waterhouse, the management consultants, showed that many manufacturing companies there intended to increase their investment in manufacturing automaters.

tion without reliable indicators as to whether their investment had been successful or not.

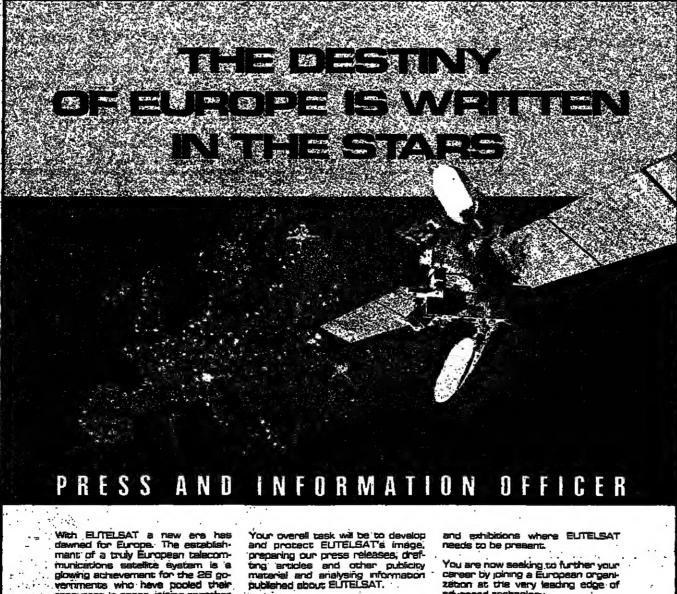
satisfaction with the exploitation of information technology in

The main problem seems to be

that business analysts have yet to develop a technique for mea-suring the value of investment in information technology.

but there are some that need the Secretary of State's approval. Mr Tugendhat specifically draws attention to the commit-tee's view, however, that even ways at Heathrow and Gatwick within existing environmental more runway capacity in the London area will UK civil avia in 1991, further measures will clearly be necessary," said Mr The decision on when to pubtion be able to grow in response to demand and the London air Tugendhat. The committee believes it is lish the actual report rests with the Secretary of State, but Mr Tugendhat thought his letter the increases in aircraft move-ments resulting from the com-mittee's work will not enable imperative that the Government should give urgent consideration within the international net

International Appointments



Beecham plans £3m expansion

BEECHAM, the UK drugs com-pany, is to spend \$3m on increasing production of a recently introduced anti-arthritis medication at its Ayrshire fac-

tory.

The investment will more than double the capacity of the lrvine-based plant to make Reli-flex, which is available on pre-scription in Britain, West Germany and Ireland.

Beecham has applied for licences to sell the drug in several other countries including the US, Italy and New Zealand. Analysts expect the annual world market to reach £100m by the early 1990s.

The company says the expansion, due to be complete by the end of next year, will probably generate about 20 jobs. Ithas already invested about \$100m at the site, which opened in 1973

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Labour seeks reform of tax relief on mortgages

THE LONDON Labour Party yes-terday called for reform of mort-ing record and the Housing Bill, gage tax relief to give more help to those trying to enter the hous-ment. The campaign plans to set

keep pace with demand, they will not enable present airport runways in the south-east to press conference that the current with expensive houses. There ing spokesman in the Commons, was an overwhelming case for said the bill, which will allow reform to help young couples on tenants to opt out of local modest incomes to buy homes in authority control, would force the product of the spokesman in the Commons, was an overwhelming case for the product of the spokesman in the Commons, was an overwhelm of the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons, was an overwhelming case for the spokesman in the Commons and the spokesman in the Common and the spokesman in the Commons and the spokesman in the Common and the spokesman in the Commons and the spokesman in the Common and the spokesman in the comm

on those people who cannot dation. afford to buy, instead of giving it "We

ing market. up a body to produce a draft
Mr Nick Raynsford, former report on London's housing
Labour MP for Fulham, told a problems for the 1989 party con-

rents up and push more families "Help should be concentrated into bed and breakfast accommo-

to City yuppies to buy a few loss of rented housing in the more bottles of champagne."

Mr Raynsford was Isunching a ers didn't destroy as many London Labour Party campaign homes as the Tory policies."

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in connection with its issue of bearing warrants ("Warrants") to subscribe up to Yan 9,842,000,000 for sheres of common stock of the Company that the Company will ascence a Supplimental instrument by way of deed poil on 25rd December. 1987 modifying the items and conditions of the Warrants. From 23rd December, 1987 the Dendend Aconus Period defined in Condition 4 of the terms and conditions of the Warrants shall mean the six month and ten day postiod from 21st September, 1987 to 51st March, 1988 and thereafter each six month period snithing

This modification is made consequent to a resolution of the general meeting of the shareholders dated 18th December, 1987 of the Company amending the Articles of incorporation of the Company to change the singuised year end of the Company.

Shares assued upon examise of any Wer-rent during the period from 21st September, 1987 to 31st March, 1985 shell entite the holders thereof to partic-page in full in any dividend on the shares with respect to the entire six monits and ten day Davidend Accrual Period from 21st September, 1987 to 31st March, 1988 in accordance with Condition 4 of the terms and conditions of the Werrants.

UNI-CHARM CORPORATION By: The Sanwa Bank, Limited at Principal Paying Agent DATED: 23rd December, 1987

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CAA staff vote to cut Civil You can receive your own copy hot off

By Jimmy Burns, Labour staff MEMBERS of the Institution of

Professional Civil Servants Professional Civil Servants employed by the Civil Aviation Authority have voted overwhelmingly to break the link with Civil Service pay in a move that paves the way for a rudical pay and conditions package.

The vote, by 1,847 to 265, should mean immediate pay increases, backdated to April 1, ranging from 11 per cent to 41.

The CAA welcomed the ballot result. However, it said that in the case of 950 air traffic controllers the full implementation of the package was linked to the outcome of continuing negotia-tions at local level on new work-

ing practices.
The negotiations, expected to conclude early in the New Year,

NHS report advises hire

of 7,000 youth trainees

THE DEPARTMENT of Health and Social Security yesterdsy apprenticeships in other sectors published a report on the under the two year training provide health Service, Samme.

Europe's single biggest employer which, if implemented, could lead to a significant expansion of the Government's Youth Training for support than alternative training to the report of the proposals which he well-would be able to provide high said it welcomed a national framework for improved training than alternative training than alternative training that the proposal

ing Scheme.

The report, prepared by management consultants Price
Waterhouse, recommends the creation of up to 7,000 YTS
placements in the NHS annually as part of the establishment of an innovative national framework for training within the health service.

The report, prepared by management consultants programmes of the contribution to murse recruitment which is dependent on more specialised training.

It estimates that the programme which is subject to consultation with health authorities and staff in the coming

health service.

There are currently only 30 and staff in the coming YTS schemes organised locally months would not produce more within the NHS and they involve than 2,000 entrants to nurse only 700 trainees. This compares

The Royal College of Nursing said it welcomed a national framework for improved training but predicted that the proposal would provide only a "trickle" of

Nupe, the health workers union said it would oppose any attempts to use YTS trainers to

replace jobs or reduce wages.
YTS has become the accepts focus for youth training in industry and it is widely accepted by most trade unions and politicians that it is set to become a permament feature of Britain's training infrastructure.

Top level Cabinet reshuffle rumoured

THE POSSIBILITY of a largerthan experted Cabinet reshuitle than-expected Cabinet resnutile after Christmas is now being floated around the ministerial telephone network, following the mild stroke suffered by Lord Whitelaw, the Leader of the House of Lords, 10 days ago.

While Lord Whitelaw appears to have recovered fully with no leaving ill-effects, the expectation

to have recovered fully with no lasting ill-effects, the expectation among senior ministers is that, partly in response to family pressure, he is likely to stand down as Leader of the Lords, while possibly remaining in the Cabinet for the time being.

possibly remaining in the Caurest for the time being.

The main talking point among ministers in the past week has been the succession. According to the latest, and allegedly authoritative, word from ministers close to Mrs Margaret Thatcher, the Prime Minister, the option of a major reconstruction has been floated.

Under one view this would involve shifting Sir Geoffrey Howe, the Foreign Secretary, over to the Lords as the new Leader. Mr Nigel Lawson, the Chancellor of the Exchequer, would become Foreign Secretary, while Mr John MacGregor, the Agriculture Minister and a former Chief Secretary to the Treasury, would move up to become Chancellor.

The problem with this option

The problem with this option is that Sir Geoffrey has been telling friends over the past week that he wishes to remain Foreign

Secretary and does not, at present, want to go to the Lords.
Similarly, Mr Lawson has no apparent wish to become Foreign Secretary. He wants to introduce another spring Budget, completing his tax reforms, before considering his future in politics during the summer. This includes the option of retirement

The alternative view, held by the perliamentary business managers, is that any changes should be limited. Hence a short-term successor to Lord Whitelaw could be one of the recently ennobled ex-Cabinet ministers, such as Lord Crickhowell, previously Mr Nicholas Edwards, the Welsh Secretary from 1979 to 1987. Another less likely option is Lord Colnbrook, formerly Sir Humphrey Atkins.

A possible candidate men-tioned within the existing Cabi-net is Mr Paul Channon, the Transport Secretary, a gregarious figure who would be popular in the Lords and who is also turtifiely to rise much further in the Commons.

Transport staff foil move to scrap union Service pay tie

BY PHILIP BASSETT, LABOUR EDITOR

TSSA transport union (Transport Salaried Statis' Association) have succeeded in fighting off an attempt at derecognition within the National Freight Consortium, the UK's largest freight trans-port, storage and distribution company.

The moves within the NFC

increases, backdated to April 1, and its companies are further ranging from 11 per cent to 41 per cent for the seven main groups of CAA employees, issue of union representation directly to employees.

Although union negotiation within the NFC and its companies has been greatly decentralised since it was privatised five years ago, leaders of the TSSA accused NFC yesterday of a coordinated drive towards union derecognition.

conclude early in the New Year, mainly involve the introduction of flexible rostering to ensure that more staff are available during peak air traffic hours.

In exchange for breaking with the Civil Service pay link, the IPCS has received assurances from the GAA that the authority will remain underpinned by the Civil Service salary increases awarded to all IPCS members in 1988.

Gerecognizan.

NFC denied this, but Mr Bryan Wilson, its corporate personnel director, said following NFC's move to employee ownership, the mood within the constraint was to test present operational arrangements, even if they had existed for some years.

NFC subsidiaries Pickford Travel and British Road Services have both derecognized.

awarded to all IPCs members in have both derecognised the 1988.

The union believes that in and subsequently NFC told the

LEADERS of the white-collar wanted to survey its employees TSSA transport union (Transport on the proposal using the MORI polling organisation or the Elec-toral Reform Society, but it was agreed that a ballot should be carried out by the conciliation service, Acas.

But the union won a significant victory when the consor-tium agreed it would be reason-able, under the terms of the ballot, to count any employees not voting as being in favour of the unionised arrangements.

Less than half the employe concerned voted at all, and of those who did, 42.5 per cent voted in favour of no change in the representation arrangements union and non-union representa

Taking the no-change votes with the non-voters, NFC counted this at 71.95 per cent. counted this at 71.95 per cent. Since this was less than the 75 per cent level which the consortium had set as the target to be reached if there was to be no change in representation, NFC has suggested that its headquarters staff should have a mix of union and non-union representation.

tion. Mr Wilson said that the Acas vote had assumed the corpora-tion's doubts about representabut Mr Norman Hitchen

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practice its members within the union it was concerned about CAA will in the future receive senior staff representation at its increases over and above those headquarters, and proposed the TSSA assistant general secretary, said: Their attempt at derecognition has backfired. They won't admit they have got ess on their faces — but they have. increases over and above those headquarters, and proposed the they would have earned had direct election by employees of they remained linked to the Civil Non-union representatives.

The TSSA says the company Please return to Marketing Department, FT Magazines, Greystoke Place, Fetter Lane, London EC4A IND, England. TIALD. An investment in offensive air operations by British industry.



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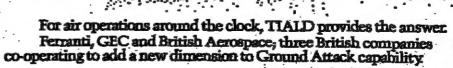
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THAN WE DO.



Glaxo signs US deal on sales of ulcer drug

company, has signed an agree-ment that could open the way to over the counter sales of a ver-sion of its highly successful Zantac anti-ulcer product.

The drug, based on ranitidine, the main chemical in Zantac, is due to be sold initially in the US for treating mild stomach disorders such as indigestion and heartburn, a market worth about

Under the agreement, announced yesterday, the prod-uct would be sold in the US by Sandoz, a leading Swiss pharma-ceuticals company which is anx-ious to build up its over-the-counter business.

Glaro said yesterday it had no plans to make available a non-prescription version of Zantac anywhere other than the US. However, if this happened it would be via licensing agree-ments similar to the deal with

In contrast to Sandoz, Glaxo is interested only in selling products that are available on prescription. Zantac, which has been on sale for six years, has become the world's biggest selling prescription drug accounting for just under half of Glaxo's sales last year of \$1.73bn.

GLAXO. Britain's biggest drugs tion approves it. It could gener ate annual sales of \$100m within a few years, according to Mr Peter Woods, a pharmaceuticals analyst at Barclays de Zoete Wedd, the stockbrokers.

As part of the agreement, the two companies will promote jointly US sales of a drug underdevelopment by Sandoz for treating high blood pressure and other heart-related problems.

DynaCirc and is expected to be on sale next year, is one of a class of drugs called calcium antagonists. It will compete with several other formulations made by companies such as Bayer Pfizer and Marion Laboratorie in a market estimated to be worth about SIbn a year.

Zantac is among a category of formulations called H2 antago-nists that combat ulcers by selectively blocking the secretion of acids in the stomach. The other big selling H2 antagonist is Taga-met, made by SmithKline Beck-man of the US.

By packaging the chemicals differently - chiefly by reducing the concentration of active ingredients - doctors think the products could treat minor stom-

It is thought that Smithkline Beckman may have similar plans The over-the-counter version is expected to be on sale in the US mithin two years, assuming the US about the same time as US Food and Drug Administration.

Government puts halt on enterprise zones' growth

THE GOVERNMENT's enterprise retary of state for inner cities zone experiment is not to be extended in the near future, in experiment showed the private

However the department believes other regional policies are more cost efficient in provid-

The enterprise zones were created in the four years up to 1984 as a test of how far private sector activity could be encouraged by reducing the tax burden and administrative controls on companies. Forterprise zones were transferred from elsever, it says the scheme generates activity that feeds back

ances and relaxed planning \$7.50. Evoluation of the E

spite of a report published that the number terday showing that the number employed in the zones had increased by 9,800 last year.

The report, published by the Department of the Environment, says there were 63,300 employ
23 enterprise to monitor the progress of the monitor the p to monitor the progress of the experiment but do not intend to introduce a general extension of

enterprise zones."
A second report, prepared by consultants, shows most of the panies. Enterprise zones offer partly to offset these losses.

exemption from non-domestic Enterprise Zone Information rates, 100 per cent capital allow1985-86: Great Britain. HMSO

Mr David Trippier, under sec- £13.50. Canal scheme unveiled

tional standard ice rink, the

tional standard ice rink, the junior environment minister announced yesterday.

Mr David Trippier, under secretary of state with special responsibility for inner cities, said: "I hope that this example of partnership between government, private sector and the local authority will serve as a model elsewhere." Government has been grants towards the scheme would total between \$3m and \$5m and up to 400 jobs would be created.

The scheme, for a site of 40 workshops, offices and shops, will start in the new year shops, will start in the new year and is expected to take five years. The Government will be working with Probe (Partnership for the Renewal of the Built Environment), a subsidiary of the Lovell Group which has financial backing from Nationwide Anglia and Halifax building societies.

The 2,000-seat ice rink will be built in the first phase of the scheme, which follows an announcement last week of-a

The scheme, for a site of 40 announcement last week of a mainly derelict acres at Black-burn, Lancashire, will receive a national ice rink at Liverpool.

A \$30m DEVELOPMENT around government urban regeneration the Leeds-Liverpool canal is to grant. Work on the development create 400 homes and an interna- in the Lower Audley area, which

Inquiry on **Brent's** anti-racist programme

MR DOUGLAS HURD, the Home Secretary, yesterday announced an independent

announced an independent inquiry into the racial equality programme in schools run by the London Borough of Brent.

Sir David Lane, former chairman of the Commission for Racial Equality, will seek comments from will seek comments from parents and governors on whether the Labour-con-trolled council should receive a \$2m government grant towards the salaries of teachers charged with

combatting racism.

Brent's anti-racist policies hit the headlines last year when the borough took dismary school head, over an alleged racist remark, which she denied making. The Government intervened to force the borough to drop the case.

the case.

The row over that case extended to the council's plans to appoint extra staff to ensure that teachers, lessons and pupils were not racist. The project attracted a government grant on the understanding that the new teachers would help under-achievers from Commonwealth countries.

tries,
Mr Hard blocked the
grant last year amid allegations that the new staff
were "race spies". Teachers
alleged that their new colleagues were inexperienced.
However, government education inspectors sent to
Brent in the summer
defended the anti-racist policy, while criticising the
management of the schools.
The borough accepted the
inspectors' criticisms and
acted to improve its image
and management. A new
chief education officer was
appointed and the zim was
to place equal emphasis on
standards and equality.
The Home Office said yesterday that Her Majesty's
Inspectorate of Schools
would inspect Brent's policy
in parallel with the Lane
inquiry, which will focus on
the management arrangements for the council's
Development Programme
for Racial Equality (DPRE)
and its local impact.
Mr Nitis Parahotam, the
council's education chairman, said Brent had invited

tive based on its educa-

Clarke to tour **US** inner cities

MR KENNETH CLARKE, who was last week appointed Minister respon-sible for the co-ordination and presentation of inner-city policy, is to tour inner-city areas in the US.

His five-day visit to look at how the US is regenerat-ing inner cities starts on Ing inner cities starts on January 4. It will take in Atlanta, Pittsburgh, Los Angeles and San Francisco. Mr Clarke, who remains Industry Minister, will also meet industrialists during his stay.

tries, Mr Hard blocked the

Mr Nitis Parabotam, the council's education chairman, said Brent had invited the investigation. He added: "We hope that Sir David Lane will be given a free hand to form his own judgments of the TIPER Initia.

Financial Times Reporter

Michael Donne finds there is no peace for executives now the BCal fight is over

Time for BA to count the cost of victory

over, British Airways faces a period of intense activity in working its new prize into its

The first task will be to restore the confidence of BCal's staff -which, whatever the BCal Board may say, has been severely eroded by the events of recent veeks. Also, BA will have to deter-

mine quickly how much cash -apart from the \$250m it is pay-ing for the BCal shares - needs to be pumped in to keep BCal flying, for it is no secret that the ndent airline has been los-

ing money.

BA is now expected to reactivate its "task force" of executives, which was set up when the merger was first mooted, but stood down when the proposal was referred to the Monopolies The task force's duty will be to

xamine all BCal operations, from equipment procurement to staff numbers, to decide how best not only to weld the two airlines together but also to see what needs to be shed.

routes in Western Europe, and, the long-hant routes to Tokyo, Hong Kong, New York and Los Angeles, flying out of Gatwick. Under the terms of the Monopolies Commission's approval for the takeover, BA will be obliged to return to the Civil Avistion Authority within one month all BCal's licences to operate domes-

BCal's licences to operate domestic UK routes, including those to the Channel Islands, European routes already operated by BCal (Paris, Brussels and Nice), and European routes for which it holds licences but does not yet

holds licences but does not yet fly – Athens, Copenhagen, Ham-burg, Oslo, Rome, Stockholm and Stuttgart.

The CAA will put these routes up for bidding by other airlines, with public hearings into appli-cations for them.

Some such bids have already heen received – from Loganair

been received - from Loganair for Gatwick to Glasgow and Edinburgh, from Dan-Air for Gatwick-Manchester and Man-chester-Aberdeen, and from Brit-ish Island Airways for Gatwick to Manchester, Glasgow, Edin-burgh and Jersey

best not only to weld the two airlines together but also to see what needs to be shed.

BA has made clear that up to 2,000 personnel will need to be cut from the combined staffs as routes, equipment, ticket offices and other activities are rationalised BA says this will be done as far as possible by natural wasting age and voluntary retirement, with enforced redundancies kept to a minimum.

Among early changes will be to Manchester, Glasgow, Edinburgh and Jersey.

Air Europe is seeking to expand its short-haul European network (it recently started flights to Munich), BIA has routes, equipment, ticket offices applied for Gatwick-Nice, while of the long-haul routes (sing some of the Government's air transport policy — a policy which many in the industry believe to have been damaged by the takeover.

To repair that policy, therefore, it seems likely that the CAA will seek to ensure that, as far as possible, the surrendered licences will go to UK operators of the BCal route licences it is them is financially secure of the basic objectives of the Government's air transport policy — a policy which many in the industry believe to have been damaged by the takeover.

To repair that policy, therefore, the surrendered licences will go to UK operators of the BCal route licences it is them is financially secure of the BCal route licences it is them.



Mr Larry Tindsle, of Investors in Industry (left), receives a cheque for \$100m from Mr Edward Dawnsy, of Lazard Brothers, in consideration of the 41 per cent holding in BCal that \$1 has sold to BA.

cations will be treated on merit.
In the hearings, the CAA may
come under pressure not to reaward the routes to BA, to do so

would be to reduce the volume of competition between UK airlines on international routes.

Maintenance of this competition remains one of the basic objectives of the Government's air transport, rolley — a policy

BA's application, made during the heat of the takeover battle, to seek the revocation of all BCal licences, will be withdrawn since it no longer has any point. BA will also withdraw the out-

standing appeals by BCal against the granning by the CAA of route licences to Air Europe for flights from Gatwick to Amsterdam, Brussels, Copenhagen, Frank-furt, Geneva, Munich, Paris and Zurich, thereby ensuring that Air Europe in effect becomes the new "second force" short-haul European international airline.
Similarly, the surrender of up
to 5,000 "slots" — take-off and
landing allocations — at Gatwick,
spread throughout the year, will
result in a scramble for them by

other airlines, especially those seeking to take over the surren-

dered BCal route heenes.

Working out which slots to be released will probably be the duty of the BA task force, but their re-allocation will probably be handled by the Gatwick scheduling committee, which represents all airlines using the structure. airport. It is expected that because those slots have been held by BCal, they will be re-allocated to UK airlines and not to

foreign operators
Aircraft equipment is a major area of concern. BA will inherit the BCal order for 10 Airbus A-320 advanced-technology airliners, the first of which is due to be additioned next spring for to be delivered next spring, for use on European routes to replace BCal's ageing One-Elev-

ts. The A-320 is not an aircraft The A-320 is not an aircraft that BA has ever wanted, preferring the smaller Boeing 737s and the larger 757s. An examination of the A-320s on the European routes will take place to see how many, if any, of the A-320s BA will keep.

BCal's plans to buy up to nine McDonnell Douglas MD-11s will be easier to handle, for BA has been studying the MD-11 (along-

been studying the MD-11 (along been studying the MD-11 (along-side the long-range four-engined A-340 version of the European Airbus) as a possible replace-ment for its own ageing long-range Lockheed TriStars. The only problem would be over engines. BA has expressed a pereference for Rolls-Royce RB-2lls, whereas BCsl had opted for Its General Electric engines. BA US General Electric engines. BA would be likely to re-open the

Airship contract wins reprieve

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

craft, can continue to develop its large airship for the US Navy.

Recent fears that the programme, worth about \$170m (\$93.1m) to Airship Industries over the next five years, would be struck from the US Navy's budgetary plans for the 1988-89 financial year have been dispelled after intense diplomatic activity and lobbying in the UK and US.

The cuts were feared because

The cuts were feared because

AIRSHIP INDUSTRIES, the UK- of pressure from the US Senate based, Australian-controlled appropriations committee seekmanufacturer of lighter-than-air ing to reduce defence spending trade ing of the enemy. deficit.

> The revised decision means that Airship industries and Wes-tinghouse, its US associate, can continue for the time being to develop the prototype large air-ship, Sentinel 5000, which is intended as an experimental fleet surveillance craft.

The aim is to develop an airship able to hover for many

ing of the enemy.

The US Navy believes that air-ships, being more stable and able to fly longer, are more suitable and cheaper than fixed-wing aircraft or helicopters.

If the current five-year devel-

opment contract is successful, the US Navy will consider a further contract for a number of production airships, possibly as many as 50, which could be worth up to \$25n.

Air Europe signs leasing deal for 10 Boeing jets

AIR EUROPE, the independent airline owned by the International Leisure Group, has signed a leasing deal for five Boeing 757 twin-engine jet airliners and five Boeing 737 twin-jets, worth about \$355m (\$194m).

Mr Harry Goodman, chairman of ILG and Air Europe, announcing the deal yesterday, said: "The new aircraft will be used on our new scheduled routes to Paris, Munich, Brussels, Amsterdam, Frankfurt, Zurich, Geneva and

Copenhagen."
The deal is between Mercantile Credit and Air Europe and calls for the delivery of the five 757s in 1988, and the five 737s in

A second stage of the agreement, to be completed in March, covers delivery of Rolls-Royce RS-2U-535E4 engines for the Boeing 757s and Franco-US (Snecma-General Electric) CFM-56-3C engines for the Boeing 737s.

Ex-Plessey man joins BT team

By Terry Dodsworth

MR DAVID DEY, former managing director of Plessey's telecomis joining British Telecom to strengthen the management team responsible for running the UK telephone network. Mr Dey, 48, resigned from Ples-

sey earlier this month, only a few weeks after the group's tele-communications activities were merged into a joint venture with the General Electric Company.

He will become deputy manag-ing director of BT's UK commu-nications divisions at a difficult nections divisions at a unificult point in the group's develop-ment. BT has suffered a barrage of criticism this year over qual-ity standards, and has committed self to attaining a number of

In addition, the company is in the middle of one of the most ambitious investment programmes in digital exchanges launched by any national tele-Most of this equipment is made by the newly-formed

made by the newly-formed GEC-Plessey joint venture, so Mr Dey has an intimate knowledge of the project on course. There have been some worries at BT about pricing and stability of supply following the merger of its two materials. Before joining Pleasey, Mr Dey spent 25 years in the computer industry with International Busi-ness Machines, holding a number

of senior management positions in the UK, US and Europe. At Plessey, where he was on the board, he was seen as one of the leading members of a group of younger managers who had been brought in to expand the business and develop its activi-ties oversees.

ties overseas. Although he became chairman of the operating company for the joint venture, day-to-day man-agement control passed to Mr Richard Raynolds of GEC, and

Capital-backing rule changes will increase competitive edge

will give a greater competitive edge to the multi-national investment banks and securities firms. However the association, the largest self-regulating organisation in the new City structure, has so far made no revisions to its estimates of the risk of holding shares as a result of the greater stock market volatility since the crash of October 19. The Association and the Secu-

rities and investments Board, the rities and investments Board, the regulatory overseer, are both carrying out separate reviews which may lead to higher figures being used for the historic price volatility of shares. This in turn would require securities firms to have more capital backing.

The data on share price volatility over the last nine weeks in

analysing risk, the association says, so that firms will find it simple to adjust the figures in their own computerised risk-control systems. Since the first set of rules on

capital backing were published in July, the association has been given additional data on the volmarkets and the degree to which they move independently from one another. This has allowed the new rules to take account of the benefits of diversification when a firm holds shares in sev-

A SERIES of refinements were different countries is expected to long and short positions, in published yesterday to the capital-backing requirements of the lect. However, there are no plans applied by the Bank of England. Securities Association, which to adopt a different method for A dispute with the Bank over the drafting of these rules has been

The third set of refinements apply to the rules for assessing the risk of having unsettled bargains with other firms which may become insolvent. The new rules impose a graduated scale of additional capital requirements according to the length of time bargains remain unsettled. After 90 days, 100 per cent of the value of an unsettled equity bar-gain is considered at risk. For bonds, the limit is 60 days. For the first time, the associa-

eral countries.

A second refinement is in the calculation of the risks of hold-wholesale money markets and ing bond portfolios. The revised taking positions in currency and rules give greater credit for the interest rate swaps and other lower risks of holding matched instruments.

Celltech in £42m share sale

By Martin Dickson

CELLTECH, Britain's leading pany, said yesterday that it had raised \$42m from an international private placing of shares.
When the unquoted group
announced plans for the offer
early this month, it hoped to raise up to \$45m, and a mini-mum of \$40m. The money will be used to fund its development from a research-based company into a manufacturer of its own pharmaceutical products.

It has raised \$24m from exist. ing investors, with British & Commonwealth Holdings contributing more than £15m to maintain its near 38 per cent stake. Prudential Assurance is also maintaining its stake of almost 14 per cent.

The placing has brought in new investors from the UK, Europe and Japan. About \$500,000 was raised in Europe, mainly from Swiss investors, while some \$8m came from Japan. October's market fall meant hopes of raising money in the US were abandoned.

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free magazine By Raymond Snoddy THE FINANCIAL TIMES is to

FT to launch

launch its first free, controlled circulation magazine. The Inter-national is a monthly aimed at Britons living or working abroad. The magazine, to be launched in March, will be designed to heep individual UK expatriates informed about everything that affects their money, including offshore investment and tax. The initial circulation will be

azines estimates that there are about 2m British expatriates. The editor of the magazine will be Mr Peter Gartland, currently personal finance editor of The Times and a former editor of

30,000, but Financial Times Mag-

Alliance has 'some way to go' MR ROBERT MACLENNAN, the Steel, the Liberal leader, yester-

SDP leader, told his party yester-day that its proposed merger with the Liberals still had "some way to go."

His statement came in a letter to members of the Council for

Social Democracy, which must approve the negotiated package by a two-thirds majority at its conference in Sheffield next month before the terms can go
to a ballot of all party members.
Mr Maclennan described the 12
weeks of talks as "difficult
though necessary," but reminded
CSD members that talks were

day for further talks on the pol-icy declaration. Aides of Mr Steel said substantial progress had been made and predicted it would be completed before MPs returned from the Christmas

He urged party members to leave behind the "anxiety and introspection" of the period since the general election. "First, we shall have to defeat the small frought of changings who

in a Christmas message in Lib-eral News, Mr Steel attacked "chauvinists" in both parties for standing in the way of a merged party being created in the New

up with narrow sectarianism, whether it comes from the right or left or, even in the case of

Dr David Owen, the former SDP leader, said in a BBC radio interview that he had the backing of 12,000 people for his move to continue with a separate party. "It will be stronger and more effective for having that degree of commitment within it."

new splinter group in the SDP, from the centre right."

though necessary. but reminded CSD members that talks were still in progress on the joint policy declaration, the final element of the merger package to be put before conferences of both parties next month. "There is still some way to go yet," he said.

Mr Maclennan met Mr David He urged party members to degree of commitment within it.

The SDP yesterday published its agenda for the Sheffield CSD meeting on January 30 and 31.

Mr Maclennan is due to speak at groups of chauvinists who unhappily exist in both parties, wital vote on the package will be taken about 12.30. Mrs Shirley party games than the broader purpose.

Williams, the party president, will give the closing speech.

Vauxhall will lift UK content

VAUXHALL is to increase the average UK content of its cars from 55 per cent to 60 per cent next year, the General Motors subsidiary said yesterday. It also disclosed that production at Vauxhall's UK plants rose

by nearly 13 per cent this year to 208,000-units, allowing 70 per cent of total UK sales to be sourced from British plants com-pared with 55 per cent in 1986. A spokesman acknowledged that its own sales this year would fall to 270,000 compared with 284,511 in 1986, a reduction

in market share to 13.43 per cent from 15.11 per cent. But he said in 1988 Vauxhall would sell 296,000 cars, equiva-lent to a 15 per cent share.

The company said it was also Richard Reynolds of GEC, and on course for an operating profit, in the that he did not have an appropriate role to play.

Leukaemia clusters found near Sellafield FINANCIAL TIMES REPORTER

INCIDENTS OF leukaemia among adults living in coastal areas near the Sellafield nuclear reprocessing plant are three times the national average, university researchers say.

The academics from Lancaster University are seeking more cash to investigate whether radioactivity from Sellafield and other nuclear plants in the vicinity is to blame for the higher incidence of the illness. INCIDENTS OF leukaemia

of the illness.

Their 160-page report, due out through medical records of Lanin January, follows 12 months of cashire, Greater Manchester and research by Dr John Whitelegg, a Merseyside health authorities

graft is there is a persistent raised incidence of leukaemis going on, particularly in the coastal areas of Lancashire.

about three cases a year per 100,000 people, but are getting nine or 10 cases a year, particularly in the Lancaster and Blackpool health districts." Other leukaemia blackspots include Morecambe, Fleetwood and Lytham St Anne's, said Dr

"We are talking about a factor of three. We should be getting

medical geographer, Jonathan between 1982 and 1986 to dis-Burch, a researcher, and David cover 600 cases of leukaemia Gorst, a consultant haemotolo-which they found occurred gist from the Royal Lancaster mainly near the coast. Gorst, a consultant haemotologist from the Royal Lancaster mainly near the coast.

The researchers will now look at the areas near Seilafield, the answer after 12 months' hard copenhurst fuel enrichment graft is there is a persistent plant Springfield, and Heysham plant, Springfield, and Heysham power station near I appears to the contract of the c



Can anything you've read above compete with the wit, sagacity and unexpected fun to be found in the end-of-year double issue of The Economist?





conomist Available from Wednesday 23rd December, £9 Office architecture

Building a better corporate image

BY CHRISTOPHER LORENZ

IN ALL the furore over Prince blocks in the neighbourhood. Charles s latest assault on the quality of modern office architecture in Britain, one key the proportion of fine modern issue has been all but ignored. office buildings is very much the power of good buildings to higher. New York is the most

enhance corporate image.

The main butt of the Prince's splendid skyscrapers erected in controversial speech in London recent years for the likes of earlier this month were architects, developers and planners.

But Paris also has its fair that the companies share as do Frenkfurt and tects, developers and planners. But Paris also has its fair But what about the companies share, as do Frankfurt and which actually use the "medio-cre" office blocks which he detests so much - assuming of course, that they share at least a measure of his losthing? Isn't it high time that they played a less supine role, and

started to demand buildings that are not only good to work in (a need which is being recognised) but also impressive to look at?

ler knows, even if he or she a company wants a new city has somehow escaped all the office, it has always tended to publicity about the Prince's go to a developer, often long crusade against what he because it had no other choice.

The result, says Francis

g jets:

tech

e sale

Most conformist buildings, ers have played just as big a such as the now condemned role, but since planning commonstrosities along the City's trols over the supply of space windswept London Wall, lookdownright dreary. They con-form with the cheerless con-crete jungle around them. erally been available, and the market has been tenant-domi-nated, in order to attract ten-

Lloyd's of London's new steple and headquarters, controsted headquarter

in many of the world's other financial and business centres,

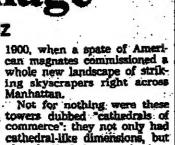
other West German cities now that companies in the Federal Republic have started to turn their back on the grey, faceless blocks erected in the 1960s and

London's comparative bleakness results from a combina-tion of factors, some technical and brutally commercial, others largely aesthetic. In West Germany and other continen-It is in their strong interest to do so - for over 4,000 years companies build on their own far-sighted barons around the world, both corporate and political, have recognised that a good-looking building can do wonders for their public image, and the morale of their development. and the morals of their developers and planners work-employees (or subjects).

As any international travel-control the supply of space. If

centres, London is unusually Duffy, co-founder and partner bereft of impressive-looking of DEGW, a leading firm of modern office buildings - architects and space planners, whether they are edifices is that clients have generally which blend elegantly into been grateful to get what their environment, as he pre- offices they could - any old fers, or ones which stand out a stuff would do.

In the United States develop-



also glorified the organisations in the ensuing decades such multinationals as Olivetti, IBM, and John Deere became

renowned for lavishing great care and attention on the visual impact of their office (and factory) buildings. Deere's award-winning headquarters in rural Illinois, opened in 1964, is a classic example of the way architecture really can express a company's character. express a company's character.
The spectacular steel and glass building, set among landscaped lakes and gardens, was intended to reflect Deere's graduation from insular Mid-western bumpkin into interna-

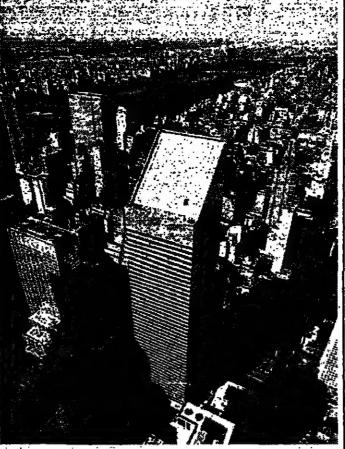
tionally-respected, down-to-earth multinational With its opulent internal spaces and rugged exterior it succeeded brilliantly, presenting just the right balance of corporate characteristics to employees, dealers, customers and the general public. Very much older examples of

best practice are available for today's would-be constructor of corporate glorification. In a paper last month on "Cathe-drals, palazzos and skyscrapers corporate messages", Thomas Walton of the Catholic University of America traced the long history of the idea that office architecture is one of the most effective and enduring ways for a corporation to assert its

presence and prestige.

Addressing a conference in Boston on "corporate strategy made visible", organised by the US Design Management Institute", Walton tracked the practice. Nonconformist adventures, on ants, landlords have had to made visible, organised by the the other hand, are seldom excellent enough to compensate for their jarring arrival among what are often fine historic buildings.

Lioyd's of London's new ally literate American corporate strategy made visible, organised by the made visible, organised by the use offer buildings with strong US Design Management Institute, Walton tracked the practice right back to ancient times. The Egyptian pyramids, arrival of strong-minded, visually literate American corporate strategy made visible, organised by the use offer buildings with strong US Design Management Institute, Walton tracked the practice right back to ancient times. The Egyptian pyramids, arrival of strong-minded, visually literate American corporate strategy made visible, organised by the corporate strategy made visible, organised by the strategy made visible, organised by the corporate strategy made visible, organised by the corporate strategy made visible, organised by the strategy made visible, organised by the corporate strategy made visible, organised the practice of the corporate strategy made visible, organised by the corporate strategy made visible, organised the corporate strategy made visible, organised the corporate strategy



Standing out in Manhetten's skyline, Citicorp's (mpressive HQ

these structures depended the art: both companies state heavily on a region's economic their building objectives with wealth: thus the cathedral at crystal clarity, and in great Lyons, in central France, is, as detail, taking full account of Lyons, in central France, is, as detail, taking full account of he put it, an undistinguished the local environment; they edifice whose eclectic facade involve top management in the and interior mirror the community's uneven financial health'

By contrast, the great beauty of its counterpart at Amiens aspects of their design and cor-owed much to the constant porate identity - including flow of resources which local merchants devoted to the building effort, said Walton, As Walton argued, "corpora-tions and architects have

forged strategic relationships for centuries". Yet in countries such as Britain such partnerships are still the exception rather than the rule. There would be many more

- and they would be more suctive application to build a cessful - if top managers not long-dead architect's undistinonly became more visually literate, but also more capable of briefing architects (and, where applicable, developers) to provide them with buildings chose to deliver his latest outwhich really suit their needs including the projection of the the splendid and historic Manappropriate visual image.

intensive briefing and monitoring of architects; and they co-ordinate their various building programmes with all other aspects of their design and cormunications.

Among British companies. the process of discovering the importance of all this will be hastened by the sort of devel-opment controversies to which the City of London is becoming omed. For this one must thank both the Lloyd's row and such planning disputes as the recent saga over an insensi-

guished modern block on the "Mappin and Webb" site near appropriately, Prince Charles chose to deliver his latest outburst right across the road, in

Customs administration

A potentially SAD case

Richard Waters reports that companies' ignorance of new import and export documentation could cause chaos at the ports

ing it perilously late to re-organise their exporting arrangements in order to avoid getting snarled up at shipping ports and airports in Britain and on

the Continent. The biggest changes in cus-toms procedures since the the UK joined the Common Market come into force on January 1. It is not too late to make preparations, but companies will have to move quickly. And it will require a commitment by management to fundamental procedural changes and a nec-essary degree of employee

training. On January 1, the EC switches to a standard customs document for all goods, known as a Single Administrative Doc-ument (SAD). EFTA countries are to follow suit.

A new harmonised coding system for goods, to be adopted by all major trading nations, will be introduced in the EC. at the same time, a standar-dised tariff will come into force. These two systems will be combined in a 14-digit description for all goods, replacing the current eight-digit code. It will show everything from what the goods are to where they came from and whether they are subject to a

quota arrangement. Britain's Customs & Excise is certain that many traders are not ready for these changes. It reckons that there are 50,000 companies in Britain which import at least once a month, and 50,000 equally regular exporters (though it does not know what the overlap between the two groups is). the new system.

It does not take long for a backlog to clog up the ports. Dover, for instance, which has standing room for 800 containers, has 1,200 passing through the port each day. "It would not be an exaggera-

tion to say that Britain's ports could grind to a halt," says Douglas Tweddle, an assistant secretary at Customs & Excise. Both Customs & Excise and customs advisers are concerned cedures. Copies of the SAD volume. But Customs & Excise that importers and exporters must accompany all goods believes many more compaston have failed to give enough passing through ports. Computmanagement time to the maters can speed up the process, try's top 1,000, could benefit
ter. Customs procedures are though they cannot replace the from switching over.



viewed as an administrative chore, seldom occupying the attention of senior managers.

ally left customs matters in the senior managers' attention on hands of a lowly shipping customs matters could create a manager, says Peter Jenkins new awareness of planning of accountants and consultants oportunities and ways of Ernst & Whinney. This person is usually "one up from the lav-atory attendant," according to one Customs & Excise official.

According to Jenkins: "When a momentous change like this comes along, there's a ten-dency to think he can cope, since he has always coped

being urged to make sure they Several weeks ago, only just are on top of January's often affects the amount of over 20,000 companies had changes. They should develop duty; using a third country as asked for information about an action plan, which includes an intermediary can reduce it. the following:

> Reclassify all goods. For most, this requires software to be rewritten. The task may be huge; one computer firm is believed to have around 3m "spare parts", each one of which will need to be recoded. The new codes must agree with those used by trading

SAD; goods can be cleared in advance if traders send electronic declarations direct to Customs. This system, known as Direct Trader Input, is not new but could now come to the attention of more traders. It is estimated to have cut the average clearance time of goods at Dover from over four hours to two, and at Felixstowe from 24 hours to four.

• Train staff. Once used to the new system, staff dealing with documentation should find life a lot easier. The 100odd different customs declara-tions in the EC will be replaced with a single document.

 Review related accounting and computer systems. The cost of introducing the changes is impossible to gauge. Customs & Excise estimates its own direct costs of preparing for the new regime, including training 9,000 customs staff and adapting its computers, to

Meanwhile, both Customs & Excise and advisers are hoping for some spin-off benefits from "Companies have tradition- January's changes. Fixing streamlining administration.

Accountancy firms, which in the 1970s spotted the opportu-nities for helping their clients plan for VAT, now believe that similar opportunities exist in the customs field, Making full use of established reliefs can cut customs duties, for

Also, the country from which goods are imported or to which they are re-exported

There are also potential cost savings on the administrative side. Regular importers, for instance, can opt to make cus-toms declarations once a month by computer, rather than on each shipment. Ford, IBM, ICI and Philips are among the 120 companies which use this system, known as Period

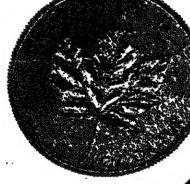
partners.

Revise documentation procedures. Copies of the SAD colume. But Gustoms & Excise

You can start small



You can start big



Keep

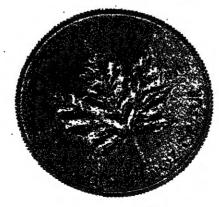
adding to your portfolio



A bit at a birthday



Use your tax refund



Money left over when buying



Build up a golden reserve



IVLost wise investors hold from 10 to 15% of their investment portfolio in gold. They know that gold can anchor their portfolio, as history has proven that gold is the ultimate store of value. But, when you huy gold, you also want the assurance that you can trade it discretely for each on demand at its full value. Around the world, only the Gold Maple Leaf can meet this demand. Each Gold Maple Leaf cain is 999.9/1000 fine pure gold, and is legal tender at its face value. Independ-

ent tests have even shown that the Royal Canadian Mint

gives a little gold away to guarentee each coin's minimum weight. Because of its large numbers sold, its unquestioned reputation, and the government guarantee of weight and purity control, the Gold Maple Leaf has achieved the status of the standard by which all other gold coins are measured.

When you buy Gold Maple Leaf coins, you can be sure that you can easily and discretely obtain cash for them wherever gold is traded, there is no time-consuming and costly assay, usually required with other forms of gold that do not

enjoy universal recognition.

No other physical bullion product can offer all the advantages of the Gold Maple Leaf - all of which add up to make it, with over 10 million ounces sold, the bestselling investment coin in the world today. And, just maybe worth even more to you than its weight in gold.



Gold Maple Leaf. The world's gold coin standard.

BRITAIN seems to be heading for a situation in which computer hacking will be a crime in Scotland, but will remain an innocent pastime in England.

The roots of an apparently tolerant approach shown by the Court of Appeal to hacking, the unauthorised use of someone else's computer, can be compared to other well established absurdities of English law and one had better begin

America have to be charged with the theft of electricity? Why not create an offence which bears a proper relation-ship to the reality of the situation? Especially since, in this case, there is a specific offence created by the Post Office Act to cover the same situation

area of dishonest trickery at all. Computer fraud is already a matter for concern, but some claim that our common law can cope with it without spe-

The system works well when it leaves matters to agreements freely negotiated between reasonable people. An example can be found on looking at the banks' Giro cheque system. The system has been operating perfectly happily for more than 20 years on the basis of rules agreed between the banks without the intervention of Parliament or the courts. A dearth of case law, or serious dispute, in spite of the many millions of transactions there have been, confirms the view that sensible people are often best left to work out their own

Sauce for the Scot but not for the Sassenach

By Derek Wheatley

puter crime has just been care—
programme after the defendant necessary for the prosecution should be to prove that the defendants fully considered by the Scot—
had left their employ, could be to prove that the defendants should be to prove that the defendants the prosecution should be to prove that the defendants the prosecution should be to prove that the defendants the prosecution should be to prove that the defendant necessary for the prosecution should be to prove that the defendant necessary for the prosecution should be to prove that the defendant necessary for the prosecution should be to prove that the defendants the provent of the prove July 1987). The Commission's same time as the Scottish Law considerations included a num- Commissioners were considerber of forms of computer mis- ing their report, a Crown Court to cover the same situation when the telephone used is a public one.

Dickens's Mr Bimble (Pickwick Papers) might have thought, had he turned his mind to the point, that the law dwas even more of an ass if it did not cater for an emerging of sive computer time and thus are of dishonest trickery at denving access to those author-

proposes a short and simple new Act. This would create an offence for anybody who, without authority, obtained "... access in order to inspect or otherwise to acquire knowlotherwise to acquire knowledge of the programme or the data or to add to, erase or otherwise alter the programme or the data with the intention — the data with the intention — the data with the intention — the financial affairs of distinction and the financial affairs of distinction a) of procuring an advantage for himself or another person:

But the Act extends to Scot-land only. It may have been thought that English, unlike Scottish, law was already able to cope with computer crime

denying access to those authorized out authority, gained entry ised to use it, are further examinto the BT Prestel computer network. This had been The report catalogues the achieved by a combination of variety of possible misuse skill, persistence and good which can now be identified huck, by means of which the The Scottish Law Commission correct password and identificorrect password and identifi-cation procedures had been fed into the system by the hackers, who were able to make the same use of the computer as rather curious notion that should have been available hacking into a computer should have been available guished customers of Prestel was thus made embarrassingly or b) of damaging another per-son's interests. available to the hackers. How-ever, no direct financial advanever, no direct financial advantage was obtained and nobody else was put to a financial dis-

However, some of the problems caused by the rapidly
spreading use of computers in
situations of multiplying complexity cannot be solved by

to cope with computer crime

It was embarrassing. It was ter."

The Scot should also be sauce
for the Sessenach?

On the directions of the trial
view either and it seems
judge as to law, the jury said
plexity cannot be solved by

The author is Chief Legal
Adviser to Lloyds Bank.

caused to the computer of an and Schiffreen [1987] WIR. chasing a ticket. Mr Bumble employer, timed to destroy a 803. Under the Act it was chasing a ticket. Mr Bumble The whole subject of com- employer, timed to destroy a 803). Under the Act, it was the court of Appeal held that the process of "hacking in", in the circumstances of the case, did not amount to making a false instrument because the "user segment" of the computer, which was that part of the computer which was being "deceived" by what was occurring, held it only for a moment of time. Although forgery tapes, sound tracks or other devices, it does not apply to part of a computer used solely

> computer, and on which the impression made is only transistreet it probably seems a to dishonestly gaining access to the relevant Prestel Databank by a trick. That is not a criminal offence. If it is thought desirable to make it so, that is else was put to a financial dis-advantage by what had been rather than the courts. We expressed no view on the mat-

as a means of access to that

recommendations of the Scottish Law Commissioners are accepted and the new Act confirmed in its application to Scotland alone. The Lord Chief Justice called it "dishonesty" and dishonesty it surely was. But it was not theft, perhaps because, like the "stolen" telephone call, no 'property' was involved.

But the use of a system and the obtaining of information was involved and these were with these.

Why, for instance, does the user of his employer's telephone to make a private call to cerned. Imposed solutions nonetheless, or that damage of Appeal disagreed (R. V. Gold only honestly obtained by purmight think that the law should be able to cope with all forms of dishonesty, including

> If it is no offence dishonestly the computer.

Perhaps an oil company might obtain knowledge of the explorations, surveys and con-clusions of a rival so as to know whether to bid for drilling rights in a particular part of the North Sea, or so as to be able to make a higher bid. Pertory.

This is not too surprising a haps knowledge might be result since to the man in the obtained of the financial state of the target in a takeover situation so as to know what price to offer for its shares.

There are many possibilities which would appear to be caught by the proposed legisla-tion for Scotland, but which would not be a criminal offence in England after the decision in R.V. Gold and Schifreen or, for that matter, even an actionable civil wrong. Surely Parliament should be given the opportunity to say that, in relation to this aspect of the law, what is sauce for the Scot should also be sauce

Steel rolling in Hungary

DAYY MCKEE has gained contracts valued at some \$4.5m for the supply of steel rolling mill equipment to Hungary. The equipment, which includes a coilbox and automatic guage control systems, has been ordered by two Hungarian state buying oganisations Nikex and Metal Impex, respectively, to be installed in existing hot and cold steel rolling mills in Dunajvaros, about 50 miles from Budapest.

The automation equipment in ment and process control systems, will be designed and built by Davy McKee's Sheffield in built by Davy McKee's Sheffiel

about 50 miles from Budapest.

The coilbox, complete with includes an hydraulic guage conmechanical and electrical equiptrol system and roll bending

Centrifuging tarsands WEIR GROUP subsidiary, Pea- of wear due to the abrasive sand cock inc, has won a \$2m order to modify 24 large decanter centri-fuges for Syncrude Canada, the world's largest producer of syn-thetic oil from tarsand deposits.

Work is already underway at Peacock's Edmonton plant on the contract, which is expected to be completed by next Septem-It takes nearly 13 tonnes of oil sand to produce one cubic metre of synthetic crude oil. Separating

of synthetic crude oil. Separating the bitumen from the sand is a difficult process, employing centrifuges in the final stages.

These 48in x 96in machines, driven by 250 hp motors, have been running 5-6,000 hours

Lighthouses for China

An order for more than \$400,000 An order for more than \$500,000 has been secured by A B PHAROS MARINE to supply aids to navigation to the Ministry of Communications in China. The navaids will be installed in the ports of Shanghai, Tianjin and Guangzhou. The equipment will be supplied in the second and third quarters of 1988 in six shipments and includes major shipments and includes major

One machine was modified last

In addition to maintaining bet-ter oil recovery and longer life, the operators have noted a reduction in power absorbed of

- on machines which must maintain close clearances between running parts to perform satisfactorily, Peacock developed several modifications to the original

year and has been in service now for more than 8,000 hours, and still shows little sign of wear or degradation of performance. The projection is that this machine should complete at least 12,000 hours without loss of process

country.
The contract negotiations have

lighthouse equipment, rotating beacons, lead lights, radio bea-cons and racons. The Ministry will also send technicians to Pharos Marine's

before requiring a complete over-haul to restore performance. By as much as 30 per cent, the com-analysis of the problems - mainly pany claims.

London facility for technical training. This is the first time that Pharos Marine has supplied racons and radio beacons to China. The two racons will be the first agile-frequency marine racons to be installed in that

paved the way for meetings on long-term cooperations between the Ministry of Communications and Pharos Marine. The Ministry will be sending a delegation to London during early 1988 to

benefits will be improved yield, easier and faster threading and handling of the mill, with reduced off guage scrap and improved guage tolerance
Both contracts include certain
mechanical and electrical auxiliary equipment produced in Hungary to Davy design. The new equipment is expected to start operating in autumn 1988.

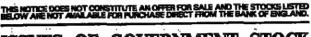
facility complete with accompu-ter-based process control system to be installed in the 1,200mm

wide cold rolling mill. The main

Equipping NZ army

TREND TELECOMMUNICA-TIONS, part of the Trend group, has won two contracts totalling has won two contracts totalling more than \$1.\text{lm} for the supply of secure communications equipment meeting UK and NATO Tempest standards. In the first deal, representing probably the largest single Tempest export order for any British supplier, the New Zealand army has ordered Tempest equipment to the value of \$457,000. The sale comprises a number of Trend \$615 ESR intelligent teleprinters, paper tape attachments, and PC 127 software, as well as Surope's only fully approved IBM compatible Tempest personal computer, ible Tempest personal computer the 625 AT. Other accessories such as anti-vibration platforms indicate the NZ army is to use the equipment for mobile com-munications use in the field. The order was handled by Trend's distributor Northrop in Wellington, part of Datamatic Holdin Pty of Sydney, Australia

in a contract extension worth £680,000, Trend has sold a number of its 615 ESR intelligent per of its old East Intelligent teleprinters to British Telecom for installation on the DTN. The deal includes paper tape attach-ments and Trend 628A network wire centres. The 628As will be used to configure networks using fibre optics in Army and Air Force Comcens.



ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Tressury has created on 21st December 1987, and has issued to the Bank, additional amounts as indicated of each of the following Stocks:

£100 million 10 per cent TREASURY LOAN, 1993 £100 million 5½ per cent CONVERSION STOCK, 2004 £100 million 2 per cent INDEX-LINKED TREASURY STOCK, 2006

The price peld by the Bank on issue was in each case the middle market price of the relevant Stock at 3.30 p.m. on 21st December 1987 as certified by the Government Broker.

In addition, Her Mejesty's Treasury has created on 21st December 1987, and has issued to the National Debt Commissioners for public funds under their management, additional amounts as indicated of each of the following Stocks:

£150 million 10) per cent EXCHEQUER STOCK, 1997 £100 million 92 per cent TREASURY STOCK, 2002

represents a further tranche of the relevant Stock, ranking in all respects pari passu with that Stock and subject to the terms and conditions applicable to that Stock and subject also to the provision contained in the final paragraph of this notice; the current provisions for Capital Gains Tax are described below.

Application has been made to the Council of The International Stock Exchange for each further tranche of stock to be admitted to the Official List.

Copies of the prospectuses for 10 per cent Treasury Loan, 1993 dated 7th February 1986, 10 per cent Treasury Convertible Stock, 1990 dated 13th January 1984 (which contained the terms of issue of 9½ per cent Conversion Stock, 2004) and 2 per cent Index-Linked Treasury Stock, 2006 dated 3rd July 1981 (as amended by the supplement to the prospectus dated 9th March 1982) may be obtained at the Bank of England, New Issues, Watting Street, London EC4M 9AA.

The Stocks are repayable, and interest is psyable helf-yearly, on the dates shown below (in the case of 2 per cent Index-Linked-Treasury Stock, 2006 provision is made in the prospectus for stockholders to be offered the right of early redemption under

15th April 15th October 94 per cent Conversion 25th October 2004 Stock, 2004 25th April 25th October 2 per cent index-Linked 19th July 2008 Tressury Stock, 2006

10 per cent Treasury Loan, 1993 and $9\frac{1}{2}$ per cent Conversion Stock, 2004 are repayable at psr.

Both the principal of and the interest on 2 per cent Index-Linked Tressury Stock, 2006 are indexed to the General Index of Retail Prices. The Index figure relevant to any month is that published seven months previously and relating to the month before the month of publication. The Index figure relevant to the month of issue of 2 per cent Index-Linked Tressury Stock, 2006 is that relating to November 1980 (274.1). This index figure will be used for the purposes of calculating payments of principal and interest due in respect of the further tranche of stock: as provided for in the prospectus, the calculations will take account of the revision the prospectus, the calculations will take account of the revision of the Index to a new base of January 1987 \approx 100 (on the old base the Index for January 1987 was 394.5).

The relevant index figures for the half-yearly interest payment 2 per cent index-Linked Treasury Stock, 2006 are as follows:

January June of the previous year December of the previous year November

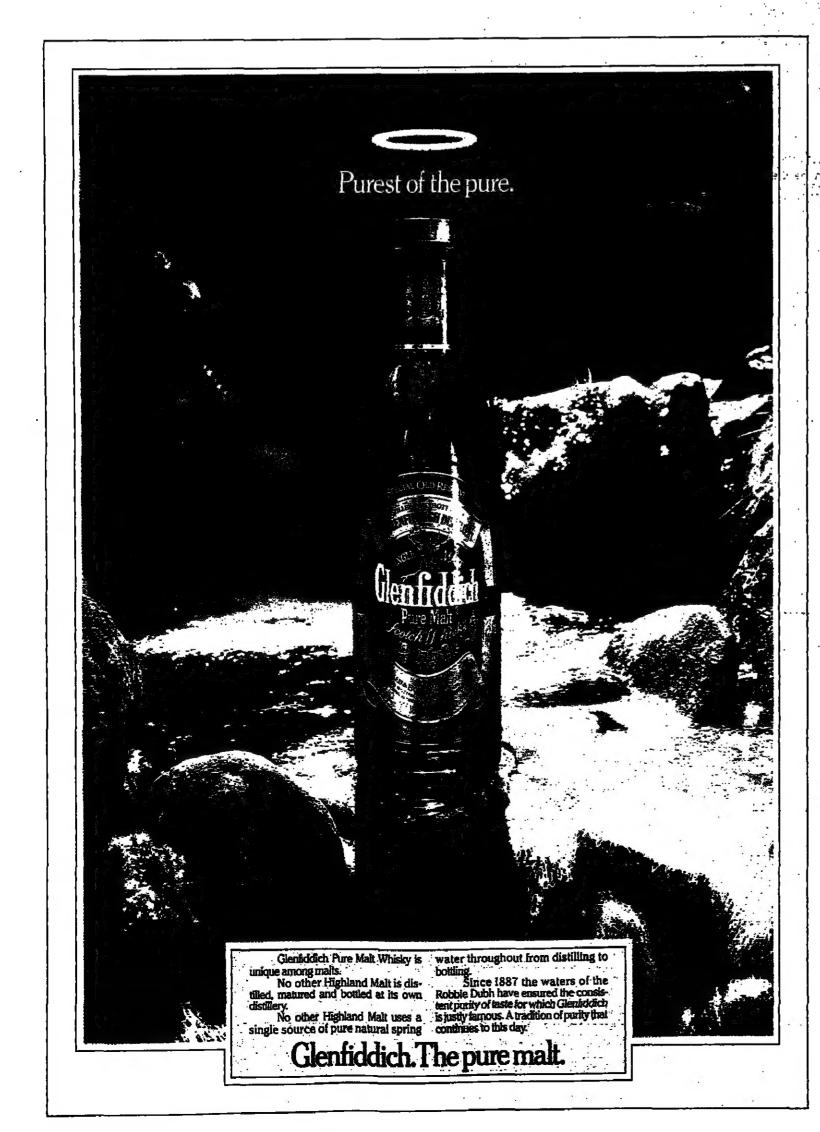
The further tranches of 10 per cent Tressury Loan, 1993 and 9± per cent Conversion Stock, 2004 will rank for a full six months' interest on the next interest payment date applicable to the relevant Stock. The further tranche of 2 per cent Index-Linked Treasury Stock, 2006 has been issued on an ex-dividend basis and will not rank for the interest payment due on 19th January 1988. Official dealings in the Stocks on The International Stock Exchange are expected to commence on Tuesday, 22nd December 1987.

10 per cent Treesury Loan, 1993, 9) per cent Conversion Stock, 2004 and 2 per cent Index-Linked Treesury Stock, 2006 are specified, under peregraph 1 of Schedule 2 to the Capital Gains Tex Act 1979 as gist-edged securities (under current legislation exempt from tax on capital gains, irrespective of the period for which the Stocks are held).

Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, these further tranches of stock are issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set eside nor give rise to any claim for compensation.

BANK OF ENGLAND LONDON

21st December 1987



David Threlfall and Lealie Ask in "The Marksman"

Television/Christopher Dunkley

Revenge and evil on the rampage

after Hungerford than they would have shown Towsring Informo immediately after the Bradford fire disaster.

Now we have seen both works, the one-off musical/drama Body Contact, and the three-part adaptation of The Marksman, adaptation of The Marksman, and to me it seems a pity that the BBC did not take the excuse offered by Hungerford and post-pone them both indefinitely. Body Contact was all style and no content: an over extended pop video based upon callow ideas about the urban nightnare, tricked out with excessive and gratuitous violence.

In this column a couple of years ago the exciting work of

young pop video directors and scratch video enthusiasts was pointed out and it was suggested that there was more flair and technical virtuosity here than anywhere in television drama.

ably successful attempt to take been quoted as saying that over the entire BBC by stealth: James could be involved in their chief mole, Michael Grade, rather more serious programmes, who was about to become Man-aging Director of BBC Television

aging Director of BBC Television of a Russian agent becoming to fa Russian agent becoming thead of MI6) turned triple agent and moved into Channel 4. Yet since and moved into Channel 4. Yet since are continues.

John Birt, who succeeded Grade as Programme Controller at LWT, is now the BBC's deputy for the indignity of being turned into one of those television personalities who has to spend his pournalist in the Corporation. He has appointed as head of BBC current Affairs Samir Shah, the viewers that he walked into something by chance — the bedroom of a bordello, the back of a feditor of LWT's London Programme: and that, streety, is an understance. It has been sad to witness James' decline from Britain's funnies newspaper columnist to a knockabout television presenter in the mould of Serle and Heiney.

All the money and publicity in the world surely cannot make up for the indignity of being turned into one of those television personalities who has to spend his entire time trying to kid the viewers that he walked into ome that he walked into one of those television personalities who has to spend his entire time trying to kid the viewers that he walked into something by chance — the bedroom of a bordello, the back of a Tokyo taxi, the foyer of a robot manufacturer's office — when, as we can all see, there is the little manufacturer's office — when, as we can all see, there is the little manufacturer's office — when, as we can all see, there is the little manufacturer's office — when, as we can all see, there is the little manufacturer's office — when, as we can all see, there is the little manufacturer's office — when, as we can all see, there is the little manufacturer's office — when, as we can all see, there is the little manufacturer's office — when, as we can all see, there is the little manufacturer's office — when, as we can all see, there is the little manufacturer's office — when, as we can all see, there is the little manufacturer's office — when, as we can all see, there is the little manufacturer's off anywhere in television drama. Current Affairs Samr Shak, the But it is no good assuming that if you take people with such technical flair and give them 60 minutes of network time you will get the new BBC political progreat, or even competent, drama. What Body Contact showed is the new BBC political progreat, or even competent, drama. What Body Contact showed is the new BBC political progreat, or even competent, drama. What Body Contact showed is the new BBC political progreat, or even competent, drama. What Body Contact showed is the tif you give a pop video director 80 minutes of television trated Jamet Street Porter, who will be 41 later this week, is to be the BBC's "Voicer Yout," advising on all things juvenile, and Clive James — at a salary said to be a mere six times that touches the perpetual auditionals in the night club, the weird tract.

But it is no good assuming that if you take people with such technical produced David Aaronovitch as editor of LWT's London Programs: and LWT produced David Aaronovitch as editor of LWT trainees have been infilled.

box arrangement at the vyn Bragg leaves LWT's South bookshop, and Richard Griffiths' Bank Show to take over all arts hand signals from his clapped and music for the BBC? And if out Morris Traveller. But clever the analogy is to hold up, who is

Taiking of Clive James, it is London Weekend Television ITV to the BBC signals a change have suffered something of a set-back in their hitherto remark-new controller Alan Yentob has and that, surely, is an under-statement. It has been sad to wit-

No doubt James has had fun in the last few years getting into the girls' changing rooms, ogling the Pirelli calendar models, taking the micky out of the James, and now – in Cline James in Japan – smoothly sliding sideways to include himself in the game-show send up. But we know from his writing that he is' canable of better than that.

canable of better than that lames was the television critic who did most to ridicule the affectations of presenters, pour-ing scorn on baid men who wound their remaining hair

Immediately after the Hungerford massacre two BBC dramss serial. If you are going to raise London's South Bank, running were postponed for fear that profound questions about such the BBC's housekeepers, lamptimeless subjects as evil and lighters, scalphunters — the According to the BBC there was revenge then the least you can nothing wrong with the programmes — they were very proud of is attempt some sort of resolugrammes — they were very proud of them — but they would no petual sense of threat and fairly after Hungerford than they would have shown Tousring.

Tound their heads, and on James Burke for his presentation manners have the BBC's housekeepers, lamptimeless subjects as evil and lighters, scalphunters — the turned gamekeeper, and we are entire Circus? Presumably LWT to be bald and tubby James slithtor Brian Tesler.

To Rimono like a latterday or kimono like a latterday feededly nasty. ering around Tokyo in tracksuit or kimono ilke a latterday George Plimpton. Yentob must surely be able to find something which will test his talent and

Granada's fascinating re-enactment of the iceland summit. Breakthrough At Reykjazik was also a breakthrough for producers Norma Percy and Brian Lapping. For the first time since their earliest attempt at this important form of television journalism in Chrysler And The Cabinet eleven years ago, nobody, so far as I am aware, has seriously questioned the legiti-

seriously questioned the legitimacy of their technique.

Public attention has concentrated on the almost spooky similarities between the actors Robert Beatty and Timothy West and their real-life originals, Reagan and Gorbachev. There has been comment upon the accuracy of Beatty's hand gestures, and upon the incidentals: the Americans' soundproof aquarium, even the set dressing for the interior of the Icelandic house.

Showing some of the Americans who were involved commenting who were involved commenting out the Strand version. After that how can any layman raise doubts?

When Barbara Flynn and James Bolam first came to the screen as the persecuted innocents in Alan Plater's Beiderbecke Affair the formula was

But nobody seems concerned racy of the crucial material: the words spoken between the two sides, or not enough to throw any doubt on them, anyway. This is surely a huge compilment to Percy and Lapping — who did, indeed, establish their credentials long ago, but were still being doubted until this effort — and to Ronald Harwood who



Joely Richardson in "Body Contact"

drafted the script. It is also, I suspect, a vindication of the decision to add to the end of the programme brief sequences showing some of the Americans who were involved commenting

cents in Alan Plater's Better-becke Affair the formula was such a success that it seemed clear they would have to be brought back. The tone set by the traditional jazz was pleasant; the decision to handle weighty matters, such as environmental pollution, with a light touch was admirably original; the relationadmirably original; the relation-ship between the two leading

ordinary people, however, greatly enjoy; and of course the scripts were funny, especially when they involved the compre-hensive school, San Quentin (!) hensive school, San Quentin (!)
Sure enough we have now been allowed the huge treat of a second helping. The Beiderbecke Tapes preserved the jazz, the light touch, the pleasing relationship, the humour and the school. The only trouble was it also preserved the plot. The only change Plater bothered to make was a minor alteration to the McGuffin: in place of gramophone recordings he inserted cassette recordings.

recordings.

Admittedly this did not matter Adminedly this did not matter very much, and we did have the bonus of Beryl Reid as a tough old suffragette, and some pretty location footage shot in Amster-dam. Nevertheless there were times, particularly in the second half, when the plot became so relaxed that it was in danger of falling asken. The series was ctill falling asleep. The series was still hugely enjoyable, but if we are to have another - and please let characters suggested real affec-tion — a quality absent from vir-tually all television drama which gen more plot?

Letter from New York

Paula Deltz

At night New York seems strewn with a mantle of starlight and glitter; the first sign of Christ-mas comes when the two stone lions flanking the grand staircase of the New York Public Library are decked out with 60-pound holly wreaths. Beyond the mar-ble entrance hall, the Library, completed in 1911, has undergone a major renovation to rescore to their former use and grandeur the immense Beaux-Arts galleries that had declined into office space.

Of these, Gottesman Exhibition Hall, with its freestanding marble arches and elaborate carved wood cellings, is a properly dramatic setting for one of the season's most energetic shows, William Wordsworth and the Age of English Romanti-cism. This studious collection of

the quick energy of the poet's own manuscript versions.

Many connections are obvious. Wordsworth's seminal poem "The Rainbow" (here copied out by Constable) is illustrated as the image linking imagination and nature by both Constable and Turner. But in the last section of the exhibition, "Memory, Imagination and the Sublime," the examples have a more subtle quality relating to the august power of the mind – the Alps are one pictorial equivalent and the sublime, still exist – a quick top at the Stand model of Poerry in the Variance of the mind – the Alps are one pictorial equivalent and the sublime at Christians of Thomas Gertin's luminous "White House at Christians in 1904.

The irony is that all of these places, beautifully preserved, still exist – a quick stop at the St ished model of Poerry in the Variance of revolutions; seen whate the age of revolutions; seen whate Age," and witnessed the discovery of nature even as it was threatened by industrialisation. (In New York until January; Chicago Historical Society, 6 April – Russian and pressure of the more personal vision. And in seeing "The Transfiguration" one glass revolving doors are intact.

In a sense, Raphael and a number of questionable attribution.

A sheet pricked for transfer as questionable attribution.

A sheet pricked for transfer as in "The Agony in the Garden," the Age is in "The Agony in the Garden," the Sundy is factally the comparing the fluid preserved, the stribution on a drawing was the image libration on a drawing the family, the stribution of the Carnegie Mansion (now the Carn Imagination and the Sublime, the examples have a more subtle quality relating to the august power of the mind – the Alps are one pictorial equivalent, and the haunting loneliness of Thomas Gertin's luminous "White House at Chelsea," another. By this time, one has been through the age of revolutions; seen what: Harlitt called "the Spirit of the Age," and witnessed the discovery of nature even as it was threatened by industrialisation. (In New York until January; Chicago Historical Society, 6 April –

there are of the studious collection of some 300 books, manuscripts paintings, watercolours and ephemera repays every attentive moment. The curators, including the poet's descendant, Jonathan Wordsworth, have collected the evidence — this watercolour by Turner or Constable, a burnal notation on daifodils by Dorothy Wordsworth, Caleridge, Keats and other contemporaries — and have left it to us to re-experience the mutual influences of an age.

It is sometimes easy to dismiss a period of innovation by saying "it is in the air," but here is proof positive of literate men and women seeking knowledge from each other as well as from the ris short landmarks from the first experience the exhibition. The curators and possed more or less on the 1983 exhibit there with loans from theirs in North as scended to the find that it is store win-the mutual influences of an age.

It is sometimes easy to dismiss a period of innovation by saying the positive of literate men and women seeking knowledge from each other as well as from the air," but here is proof positive of literate men and women seeking knowledge from each other as well as from the exhibition.

In New York until January, Chi
Add Tawing at the British collections as Suleyman the Magnifleent will as from the 1983 each new the light the followering of Turkish down the said its and intensifies, each new theight the flowering of Turkish clears from the first store win-the mutual influences of an age.

It is sometimes easy to dismiss a period of innovation by saying tribute to other the proof positive of literate men and women seeking knowledge from each other as well as from the ratio of the proof positive of literate men and women seeking knowledge from each other as well as from the mutual influences of an age.

It is noted the first one to re-experience the mutual influences of an age.

It is noted the first one to re-experience the mutual influences of a ge.

It is noted the first one to re-experience the mutual influences of a ge.

It is noted from the first throu



Raphael's drawing of "Poetry"

own hand. There is a concentration of style in the objects that
makes the show feel provincial
and yet does not detract from
the imaginative proliferation of
fanciful or naturalistic floral
styles that embellish the mostly
blue-and white porcelains as well
as the textiles. But nothing
equals the illuminated folios of
Suleyman's own collected poems
as transcribed by his artists in
and around the palace Topkapi,
except perhaps for one prayer
rug depicting a celestial garden
pavilion.

Before leaving the Metropolitan at this time of year, everyone

pauses a few moments in the Medieval Sculpture Hall where before the Spanish choir screen rises a 20-ft Nordic spruce. At its base a rare 18th-century crache is set up within the ruins of a Roman temple, and some 180 Neopolitan creche figures -Magi, shepherds and other weary travellers, attendants and their animals - make their way to the Nativity scene through the rug-ged landscape and villages set out around the tree. And soaring above them in the tree itself is a multitude of Baroque angels, colourfully draped figures, full of movement and glory.

Ingham. Much of it comes with Nurse Wan Pre-Raphaelite bordering and as a map of decoration, and the action moves beacon and from mist-laden grottos with distant romantic views of rulned afternoon. Michael moves quic of riotous colour and trick per-three hours

placed to accommodate an act on stilts, the acrobatic Loonies George. (Popeye, Groucho and Superman, inter al, bossed around by a
fetching gym mistress) and
finally Rod Hull and his destruewith me all the way.

Babes in the Wood/Palladium

Michael Coveney

remind me each time I see them and we were soon back at the on television how much I miss Fair and the archery contest, Morecambe and Wise. But then I convincingly won by Marti pause and thank God they are Webb's disguised Robin shooting

pause and thank God they are not Little and Large.

"Piggin" this and "piggin" that, the duo is strong on aggression because of the various pulls on and short on finesse. But they are not unlikeable. As the robbers, they take the stage like a pair of uppity dockers. The nicest thing about them, in fact, is that they are showbiz imposters. In a chaotic kitchen scene of tumbling and smeshing crockof tumbling and smashing crockery, they look at home for the "Together Wherever We Go"
first time in blue boiler suits. For from Gypsy comes in handy for
resolute choruses as the goodles the rest of the evening Bobby resolute choruses as the (the short, curly haired one) is line up to enter the lists. tugging at his tights and cursing his crushed credentials.

rant has now supplied a splendid

This is easily the best panto-mime at the London Patiadium. This last act sought out Adam for a very long time and one of from Pinner in the front stalls the best I have ever seen. I am in .and left the little lad to sing us a danger of cancelling my objections to Cannon and Ball, who But nothing went on for too long

Barbara Windsor in turquoise and butterfly wings Tattily designed large-scale can as easily take our attention panto has become the national as can Derek Griffiths as a spiendidly limber, sleek and villainous Sherriff, exiting sulkily the minprocession of medieval picture ute he enters to an inadequate book cloths and castellated town-round of booing. The Dame is scapes that correspond to a con-tricky, but John Inman is one of sistently conceived fairytale Not- the best and in top form as tingham. Much of it comes with Nurse Wands, got up variously Nurse Wands, got up variously as a map of the world, a Beltsha beacon and a Maypole (I've had men swinging round me all

Michael Hurll's production moves quickly on but still gives three hours of good value. Even the school and haunted bedroom spectives the school and haunted bedroom.

The traditional mix of the sequences are related to the Robin Hood legend and the overall design, and there is a paraborted murder of the princeling ticularly ravishing Act One babes is acknowledged in Bryan finale, a dream pageant of real Blackburn's script, even if echoes of rhyming couplets fade faster than Liverpool's chances of till fig and Marti Webb descended for accommodate an act on based figure stand, as a Carintal Robinson of the Robinson of Carintal Robinson of Carinta ing as if in a masque, on a card-board fiery steed as Saint

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known to drink malt whisky was George IV, said to drink "nothing else" but The Glenlivet. Today, Scotland's first malt whisky is also first choice in London.

Scotland's first malt whisky .-

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FINANCIAL TIMES

Arts Guide

Theatre

LONDON

The Rover (Mermaid). Jeremy Ironsroisters into town in the RSC's
Swan production by John Barton of
Aphra Behn's rollicking causely. It
plays in repertoire with the Chennobyl play, Sarvophagas, an
urgest but chansily crafted hospital
drams set in a terminal radiation
clinic as the first victims of the
disaster are whealed in. (226 5568/
(32 8391).

Antony and Cleopatra (Olivier).
Peter Hall's best production for the
National Theatre he leaves in 1988
brings this great but notoriously

brings this great but notoriously difficult play to thrilling life (928

brings this great but notoriously difficult play to thrilling life (928) 2252).

The Phanton of the Opera (fier Majesty's). Spectacular emotionally nonrishing new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. (839 2244, C2279 6181/240 7209).

The Balcony (Barbican). Sadly dated and heavy-banded opening to the RSC's Genet retrospective, not helping to fight suspicious that the RSC, certainly in London, is stretched way beyond its creative caparities. Terry Hands directs, Farrah's set looks like a cheap pink brothel and the actors, a dull for, chump around on high boots in big bulging costumes. (828 8795).

Polities (Shaftesbury). Stunning revival, directed by Maria Bjornson, of Sondheim's 1871 musical. Cast ledby Dolores Gray, Julia McKenzie. Diana Rigg, Daniel Massey. All good (379 5399).

Serious Money (Wyndham's). Transfer form Beaut Court C

goot (all ace).
Serious Mosey (Wyndhau's), Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the hig Bang led to class tumult and

barrow-boy dealings on the Stock Exchange (836 3022, CC 379 6565). A Small Family Business (Olivier). Brilliant new Alan Aychbourn glay about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale. (328 2252).

NEW YORK

ences (46th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones tak-ing the powerful lead role of an old

Prize with James Sarie Jones taring the powerful lead role of an old baseball player raising a [zmily in an industrial city in the 1950s. (221-1211).

Cats (Winter Carden). Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling but classic only in the sense of a rather staid and over-blown idea of theatricality. (239 6262).

Apad Street (Malastic). An immodest.

42ad Street (Majestic). An immodest celebration of the heyday of Broadway in the 1930s incorporates genus from the eriginal film, like Shuffle, Off To Buffale, with the appropriately brash and leggy hooling by a large chorus line. (977 9020).

A Cherus Line (Shubert). The longest running munical ever in America has not only supported loseph Papp's Public Theater for eight years but also undated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage sax Folles (Palace). With some tuneful Jerry Herman song, Harvey Flerstein's adaptation of the French film manages barely to capture the feel of the sweet and hilarious original between high-hicking and gaudy chorus numbers. (25) 2028;

The Not Ruppaport (Booth). The Tony's best play of 1986 won on the strength of its work-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Les Miserables (Brondway), Led by Colm Wilkinson repeating his West. End role as Jean Valjean, the magnificent spectacle of Victor Hugo's stajestic sweep of history and pathos brings to Brondway lessons in pageantry and drama, if not strict adherence to its original source, (229 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the apraced-up stage to distract from the hackneyed populate and trumped-up skily plot. (886 6510).

Me and My Ghr! (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with lorgestable songs and dated leadenness. But it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, presenably British. (947 0033).

The Mahabhareta (BAM Majeste). Peter Brook's nine-hour interpretation of the world's longest poem. Ends Jan 3 (947 5850).

WASHINGTON

Light up the Sky (Arena). The revival of the Moss Hart comedy features theatre people waiting for the opening-night notices of their buest susterpiece. (488 3300).

December 18-24

Kabaki (Kabaki-za). At 4pm a new play incorporating elements from existing dramas and based on the story of the 47 loyal retainers adapted, directed by and starring Kabaki's greatest showman. Enough the story at the story of the 47 loyal retainers adapted, directed by and starring Kabaki's greatest showman. Enough directed by Roy Jones particles are story at the seasonal jollity, intelligently directed by Roy Jones but lacking in weight towards the top of the bill. For once the juveniles (provided by Brighton's Shandy Stage School) are used constructively, chatting

Jack and the Beanstalk/Brighton

Claire Armitstead

Macbeth (Imperial Theatre). Every so often, a Stakespeare production is staged that makes one revise one's view of the play. That such a rethinking should be occasioned by a production in Japanese is nothing short of minculous. Not only has Yukio Ninagawa transposed the play from medieval Scotland into the world of the Japanese samural, but he has brought to it an oriental sensitivity and sense of pictorial values that transcends all language barriers. Following its triumph at the National Theatre, London, this sevival in Tokyo is an unforgettable experience. (Enda Dec 28). (201 1777).

Sabald (habukica) At Arm & "now"

Web (National New Theatre, Senda-gaya). Takebun' (noh), "Wakana" (kyogan) Originaling in sacred rit-itaks, noh is a predominantly tragic drama of illusion played on an empty stage. Lighter relief is pro-wided by the comic interlude (kyo-gen) (423 1331). used constructively, chatting with the actors and chirping along with the songs besides also scream at the first ation, sharing the musical hon-entrance of Anneka Rice, signiours with Claire Rimmer's fying to those of us who might glamorous fairy and Andrea

mackerel in Howard's Way.

There is something immensely dispiriting about a panto in which the performers seem merely to be going through the motions. If this charge could be laid at Colbourne's feet, it could also be levelled at Barry Howard's levelled at Barry Howard's throwaway dame. This hugely experienced performer seems so anxious not to labour his gags that he barely gets them out of bed, concentrating his energy instead on showering his audience with sweets (it is certainly a very generous show) and keeping upright in a succession of ever more outrageous outfits (it is also a lav-ishly costumed show.)

The task of working the audience falls mainly on Nick Staverson, who does remarkably well at cajoling them into following a series of instructions more complicated than the usual "look behind yous." Staverson further contributes a good Gary Clitter imperson-

Paisas Butsi in 'Modern Horror' (Honda Thestre, Shimo-Kitazawa). This youthful theatre group has a large following among the rock video generation, which likes to be bombarded by sound and insges. Its latest production is energetic but andisciplined and in the style of a musical revue. Ends Dec 29. (387 0222).

Fying to those of us who might be tempted to doubt it that she is plantonus fairy and Andrea Levine's winsome princess. Quite what they all see in Anneka's Jack I'm not sure: she is sightly enough, but at as the wicked Baron Killjoy is the risk of upsetting the So handsomely distanced that Shandy School set, I would be fishing for mackerel in Howard's Way. performer.

FINANCIAL TIMES

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Wednesday December 23, 1987

OECD report: try harder

pupils find the pleasures of the festivities blighted by the arrival of the school report. So it is with tinance ministers, for whom the equivalent event is the appearance of the OECD's Economic Outlook, published two days before Christmas

The last report appeared only six months ago, but these have been exciting months. The overall performance of the OECD countries in the past six months appears to have been better than then anticipated (except in West Germany), but what has been given the markets have taken away. The unexpectedly rapid growth of the second part of 1987 was associated with persistent current account imbalances. Frivate investors have intervened decisively, first imposing rising interest rates and then inflicting the equity market crash of

The principal effect of the stock market crash is expected to be via the reduction in wealth. GNP growth in the OECD is now expected to be only some 2 per cent in 1988 and 1989, a half percentage point lower than the level projected before the great heigh. ected before the crash, bringing the projection for 1988 back to where it was last June. The OECD stresses that its

projections are conditional; with the conditions including unchanged exchange rates from the level of November 10 (which are already history), no pervasive loss of consumer and investor confidence and "unchanged policy". The results on these assumptions include a projection of the US current account deficit at \$134bn in 1988 and \$105bn

One has to wonder whether "unchanged policy" and the continuation of external imbalances at the projected levels are compatible with stable exchange rates and no loss of confidence by consumers and investors. On the contrary, these projections appear to be a recipe for further shocks and the assumptions, accordingly, internally inconsistent.

The doubt centres on what is being said about external The Outlook projects 1 per cent growth of domestic demand for the US in 1988 and 1989, 4 and the US in 1988 and 1989, 4 and then 3% per cent for Japan, and 2% and then 2 per cent for such recalcitrant pupils.

refer to the contents of the book, Spycatcher, the British

Europe. Corresponding projections for GNP are 2½ and 1¼ per cent for the US, 3½ and 3 per cent for Japan, and 1% and 1% per cent for Europe Thera are two implications: first, the gaps between growth of demand and output are not large enough to secure rapid unwinding of the imbalances; second, the overall level of growth of GNP is unsatisfactotily low, above all in Europe.

Fiscal contraction

"Unchanged policy", it turns out, actually means reducing the inflation-adjusted structural fiscal deficit for the OECD as a whole, by 0.2 per cent of GNP in 1988 and 0.3 per cent of GNP in 1989. Moreover, what is involved is more just a failure to offs US fiscal contraction. Europe too, is expected to experience fiscal contraction in 1988 and 1989, while Germany is projected to show a tiny loosening of the inflation-adjusted struc tural fiscal deficit in 1988 and an equivalent tightening in

The puzzle is why European countries, especially West Germany, should face the prospect with such complacency. After all, the end of a long period of weak "recovery" sees Europe
with unprecedented rates of
unemployment. Given the
exist or, at best, lose their indeweakening external position of many European countries, however, the key player is West Germany. Her continued immobilisms on both fiscal policy and, equally important, the promotion of a more com-petitive and dynamic domestic economy is incomprehensible. Indeed, so long as it persists, it far from obvious that US

the text, but there is a clear message and some have even what it is. Action is unlikely, however, as is indi-cated by the reponse of West Germany. The German delega-tion has taken the unprecerecommendation in advance of the publication of the report

A momentous judgment

the position of Captain Bligh of the Bounty. As recalled by Mr Anthony Lewis of the New York Times in a recent address in London, the doughty com-mander ordered that a recalcitrant seaman be given 100 lashes. After a portion of the sentence had been carried out a report was made: "The man is dead, sir. Shall we con-tinue?" Captain Bligh replied: I ordered 100 lashes, and 100 lashes it shall be. Carry on." In much the same way the Government has sought to prohibit any reference in British newspapers to the matter contained in a book of which more than a million copies have been bought, including a significant number imported into Britain. In delivering his judgment in the High Court on Tuesday, Mr Justice Scott further noted that all the more important allega-tions in Spycatcher had previ-ously been published in Britain, in one of many books or TV programmes. Thus there was no longer any duty of confidence on newspapers or other third parties in relation to the information contained in the book (although its author, Mr Peter Wright, a retired member of the security services, was in breach of that duty in writing Spycatcher and having it published). He therefore rejected the claims made by the Attor-ney General for permanent injunctions that would prohibit two newspapers from commenting on the contents of the book and stop one from print-ing further extracts.

Prime Minister with a sense of is not one of those moments. It proportion, would accept Mr could be further demonstrated that it is, rather, a period dure that it is, rather, a

In its pursuit of all publica- what Lord Bridge, in an earlier tions that would quote from or judgment, referred to as "inevitable condemnation and humiliation by the European Court of Human Rights in Strasbourg.

The fact that, in sppealing Mr Justice Scott's verdict, it is following precisely that path, puts its fate in the hands of the Court of Appeal and, perhaps, the House of Lords. The Scott the House of Lords. The Scott judgment explains with exceptional clarity that, in the absence of guiding legislation or a constitutional instrument like the First Amendment in the United States, it is up to the courts to strike a balance between the two competing public interests of the freedom of the press and the pressarvaof the press and the preserva-tion of national security.

Neither interest is absolute. At the outset the Government At the outset the Government had a duty to protect the confidentiality of the security services. Freedom to publish was at that time the lesser consideration. But it is no longer possible to protect that confidentiality in the protect instance. ality in the present instance, while other putative writers might not be deterred by a government pursuit through the courts that has plainly enhanced the sales of Mr Wright's book. As to the ability of the press freely to proof of the press freely to report allegations of scandals in gov-ernment, Mr Justice Scott pointed out that this is one of the bulwarks of our democration society. If the price is the exposure of the government of the day to pressure or embarrass-ment, even when mischievous and false allegations are made then that price has to be paid.

There are times when newspapers go too far, or occasions when, in spite of a general out-cry about the freedom of the Copyright

That should be the end of the safeguarding of the security of the nation is parameter. A pragmatic Attornount. Mr Justice Scott has amply demonstrated that this is not one of those moments. It Roderick Oram recalls the ups and downs of a roller-coaster year on Wall Street

When the heart ruled the head

rose in a Manhattan court a reform. week before Christmas to be One final ingredient made on his shrunken frame. Adverholes in the pockets of foreign
sity had knocked the dazzling and domestic investors. At
cat-ate-the-canary grin off his
home, the Federal Reserve had which had winkled rich secrets out of the greedy and gullible, preceding two years - by 6 per mumbled inaudibly to the cent alone in December, 1986 -

cut down to size, the judge said But in the light of his inancia! downfall, apparent remorse and extensive co-operation with investigators, which has shed the most light on Wall Street's dark side in 50 years, a prison term of only three years was deemed approthree years was declined appropriate. With time off for good self-fulfilling, behaviour he might be out in . Like sharks tasting blood, ehaviour, he might be out in

Wall Street should be so lucky Guilty of speculative excess, violation of investment fundamentals and grand delu-sions about perpetually rising stock prices, it will pay the penalties for years to come.

The excitement was too seductive and few had the sense to jump before they were bucked

Less profit, confidence and public esteem; more competi-tion, regulation and self-discipline will mark its agonising retrenchment.

ce. The verdict is clear. Yet Wall Street deserves the sympathy of judge and jury. Whatever the computer programming "rocket scientists" say, Wall Street is still run by people not machines. Thus it remains highly vulnerable to emotion. Of course it was right to ride the bull market for all it was worth to maximise invest-

one of the greatest-ever stock market rallies reached its climax in pyrotechnic splendour nets wide to find good buys in only to crash even more the pricey markets.

Spectacularly. Up and down, The Standard & Poor's 500 they were once-in-a-lifetime markets.

remembered until the next end.

rip-snorting bull market. Who A host of new theories were could resist taking the plungs formulated and new-found

A GHOST of Wall Street-past the negative effects of US tax

sentenced for criminal excess. the mixture explosive. Vast An expensive suit hung slackly sums of cash were burning 2600 pumped up the money supply by almost 30 per cent over the 2400 to prevent the US economy ivan Boesky, notorious take-over speculator and insider deficits ensured that foreign-trader, was a broken man - ers, particularly the Japanese, had dollars galore to invest.

But where? Stable inflation rates made for unexciting bond, real estate and precious metals markets. Almost overnight, equities were seen to be the only game in town. The higher they rose, the more the prophery became

Investors indulged in a feeding frenzy, indiscriminately anapping up shares. The Japanese, for example, stepped up their net purchases of US equities to an annual rate of \$20on, four times their purchases in 1986.

Domestic investors were equally eage

obstinate bears saw a clutch of reasons why share prices should fall rather than rise Mr John Mendelson, Denn Witter's chief market analyst stacked up a pile of negative factors including interest rates which he considered were already too high.

But the nay-sayers were deri-sively dismissed for trying to fight the tape. The power of positive thinking prevailed.

When the time comes for stocks to rise, no amount of bearish fundamentals will keep them down," said Mr Robert James, editor of Timers' Digest which tracks the forecasting performance of market news letters. The Dow Jones Industrial Average burst through the 2,000-level in the first week of the New Year and charged on sweeping past 100-point mark-ers with monotonous regularity. At the end of the first quarter it was up 21 per cant, mostly in the first month, with broader market measures showing equally robust

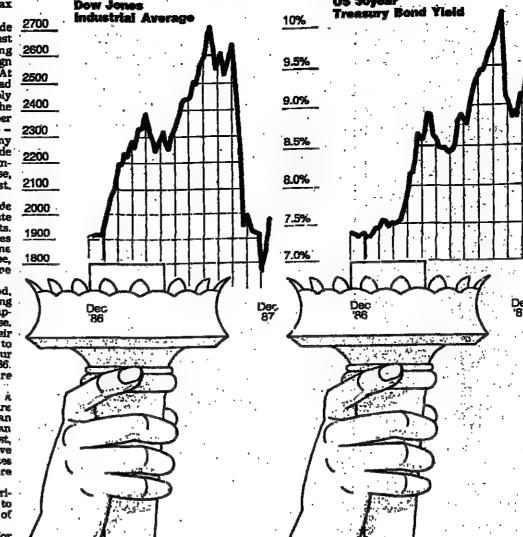
fiscal adjustment, already substantial in 1967, should go further.

The OECD's bureaucratic prose would probably make it difficult for the dimmer pupils Boesky, Wall Street will never to austain attention throughout the text, but there is a clear one of the greatest-ever stock. pecking order. Investors were already having to cast their

stocks had zoomed to a price/ earnings ratio of 19 and painfully learnt will only be 2.8 per cent at the quarter's

again?

Few resisted when the last phase of the five-year bull price levels. US stocks were market sprang to life in the first moments of trading in 1987. Stocks surged ahead, propelled by a mixture of merger corporate earnings were possed to leap and restructurings and mania, slightly lower interest to leap and restructurings and rates, a modest pick-up in eco-buy-outs guaranteed huge prof-nomic activity and the end of its for shareholders.



The keystone of this arch analysis was the "weight of money" theory. Stripped of its pretensions, it said no matter how high a price you paid for a stock, there was always some-one with lots of cash or credit, probably a Japanese housewife, who would beg to buy it from you for more. Complacent investors

shrugged aside more funda-mental considerations. Like

trade performance triggered who decided, after losing all drops in the dollar, often with his money in the Crash of '29, the encouragement of the that markets were driven and the control of the that markets were driven and the control of the cont Reagan Administration. Fears solely by predictable waves of that foreign investors would flee from securities denominated in such a parlous curprices over the edge in "an Acapulco cliff dive," as traders described the credit market routs. Stocks staggered but recovered each time, propped up by the investors' undented

bullish mood. The time-tested maxim that rising interest rates are death a department store chain, on to stocks was explained away behalf of a family which did as an old wives tale in this brave new investment era.

Even the most outlandishly optimistic forecasts gained credibility as equities survived each test with an apparently-inexhaustible ability to absorb

forecast that the Dow would yield of 2.59 per cent, among surge to 3,600 on a floodtide of investor optimism. His forecast were based entirely on from the peak like a fun-fair through the tremors of April, August, Septamber and early October. Recurring bouts of pessimism over the dismal US trade performance triggered irops in the dollar, often who deadly the content of the highest ratings ever. Stock prices slipped back the Elliott wave theory, the car breasting the top of a roller ultimate divorce of market performance from economic fun-from interest rates. As a californian account of the content o

Equity levitation lasted through the summer with investors comforted, for exam-ple, by calculations that in the crash. He was in good \$17.5bn of leveraged buy-out company. Of 350 leading fors-funds would be gobbling up casters, less than 20, including \$150bn of stock.

The froth hit the fan in June when a Cincinnati stock ana-

\$6.8bn bid for Dayton Hudson, behalf of a family which did not appear to exist. His last words before being carried off to hospital were: "It's no more of a hoax than anything else."

credibility as equities survived. Next to nobody declared each test with an apparently. August 25's closing prices the nextaustible ability to absorb top of the market, but they were. The Dow Jones Industrial Average stood at a stratonous markets passed to Mr. spheric 2,722.42, with an average type of 29 and a dividend

ued does not mean it is not sustainable," Mr George Soros, a high rolling New York investor, bravely proclaimed in late September.

Three weeks later he lost one astrologer, called the top.
What pricked the bubble?
Only shards of the same news

rates which had lain around the markets all year. Nothing was radically different.

"When the tulip boom broke in 1636, did people in the Netherlands say they shouldn't have changed the discount rate?" asked Mr Warren Buffett, the Omaha investor who saw his \$700m investment in Salomon inc haived a fortnight after he made it.

Markets blew off like a longjammed safety valve. Nothing had prepared Wall Street for the near cataclysmic inter-play of new forms of financial instruments and trading tech-niques. The effect was devas-tating financially and psychologically as the Dow Industrials surrendered more than their year's gains in a matter of hours on Black Monday, Octo-

More shares were traded on the New York Stock Exchange that day than in the whole of 1950. High technology ensured that the quake carried instantly to interdependent markets around the world. Everyone was rattled.

If a bursting bubble had

brought the markets within moments of a "financial melt-down," in the memorable words of Mr John Phelan, chairman of the New York Stock Exchange, how would they respond to a continuing

economic and political crisis?

Very poorly, it seemed.

Hence the pressures on governments and securities industries for far-reaching changes in how markets operate.

wall street began to feel the pain of adjustment as it tried to pick up the pieces. Firms cut thousands of jobs as they began to contend with the newly straitened times. New York City and the 25 cm. York City will lose 25,000 securities industries jobs plus another 35,000 dependent jobs over the next four years; according to Wharton Mono-metrics Forecasting Associates. Those left on Wali Street are

picking themselves up, dusting themselves off and irrepressibly starting to sell all over

again.

Relax, goes the patter, this is a rerun of 1962, not 1929. The "correction" has test up equities for a long period of rising prices just like 25 years ago.

Actually, there are a few minor problems with the parallel, notably, growth is half as lel: notably growth is half as slow and inflation and interest

rates twice as high now as they

Mone

. 3 too

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The same of the sa

What of Mr Prechter? Well he apologised recently for mis-reading his waves. If only he had spotted that the last great surge had started in 1974 rather than 1982, he said he would have perfectly called the Dow's top at 2,700. But in the final analysis, he was essen-tially right: 1987 was the year hearts not minds ruled the

markets. Psychology was all.
"Between 2,000 and 2,700
was probably all fluff," says Mr
Peter Bernstein, a market historian. But everyone felt there was something more powerful going on than any of us under-

Carp before politics

When Gustav Husak, leader of the communist party of Czechos-lovakia, stepped down last week lovakia, stepped down last week Czechs hardly batted an eye-lid. Having been excluded from all political life for the past nineteen years, they simply shrugged when they saw the face of Milos Jakes, the new party leader, splashed across the front page of "Rude Pravo", the Czech party daily

Czechs had other things to think about as they walked through the streets of Prague carrying their buckets. For, as Christmas approaches, central Europeans set out to buy their carp, the traditional Christmas feast.

Just behind Wenceslas Square the other morning, a burly man equipped with a big rubber apron, scales, a net, and a tank placed on the pavement, started business.

business.
Shoppers discussed the merits of the dozens of carp swimming in the tank and eventually chose their fish. With a scoop, the fish was thrown on to the scales, and then safely deposited in the buyer's bucket.

To make sure the carp is fresh

for Christmas, Czechs fill up the household bath — and there the carp remains swimming around until Christmas Eve.

Censor's scissors

Meanwhile, Romanian newspa-per editors will have little joy this Christmas.

banning unnecessary parades and official demonstrations to mark the birthdays of their leaders, the cult of the personality in Romania shows no signs of abating.

Necessary parades of champagne and good food are often bought by companies — at \$250 a time — to give to key customers, or as rewards to their salespeople. Rovers' supporters are wondering whether a judicious distribution of hampers are wondering the leaves width to be a support of the salespeople. among the players might be an incentive for them to score some

Men and Matters

and how much space abould be devoted to Ceausescu. To add to the pageantry, televi-lon programmes - which run

Team cheer Peter Johnson is not sure whether he is having a good sea-son or a bad one. The good news is that his com-pany, the Park Food Group, has

just recorded its first 1m-ham-per year. The business is based in Birkenhead and is named after the town's Victorian park -itself the model for Central Park, The main products are a range of wholesale and retail hampers packed with festive goodies. Johnson says that steady gains in turnover since the company went public five years ago have enabled it to win one-third of the

A few months ago he bought 80 per cent of another feature of Birkenhead's former glory, Tran-

this Christmas.

And it's not just the problem of acute food shortages and the lack of heating which is worrying them. They have to deal with new instructions on how to cover the 70th birthday of Nicolae Ceausescu, the Romanian president and communist party leader whose birthday falls on January 25.

While neighbouring Bulgaria recently issued a new decree banning unnecessary parades of the most problem.

Birkenhead's former glory, Tranmer Rovers.

Thus we come to the bad news to the Rovers are now struggling near the foot of Division Four of the English Football League. Park Foods winning season does not look like being complemented at Prenton Park, where a recent crowd of 3,300 was still only 800 shead of break-even.

Johnson's gournet hampers of champagne and good food are often bought by companies — at

Kessler bows out

At a sprightly 80 years of age David Kessler has decided to retire after 29 years as chairman of the Jewish Chronicle, the Britpaper. He is handing over the chair-

manship to his previous deputy, Ellis Birk, husband of Baroness Birk and senior partner of Nicholson Graham & Jones, the

City solicitors.

Apart from his past achievements guiding the highly-successful independent newspaper,
Kessler has just had the satisfac-Kessier has just had the satistaction at the paper's annual meeting of being able to announce to shareholders a 38 per cent dividend for 1987, against last year's 22 per cent. Profit for the financial year was ahead at \$502,878

cial year was aftend at \$502,878 against \$264,850 on turnover of \$3,865,626.

Kessler leaves the paper in the hands of the Kessler Foundation, which he created three years ago to avert any possible takeover, and to ensure the paper's independence. pendence.

Tuffin's trail

Just in time to enjoy Christmas, Brighton-based accountant John Tuffin, has been able to lay down a task he has been shoul-dering for nearly 20 years - the liquidation of one of the Channel Islands' early financial curiosi-

ties, the Bank of Alderney.

The saga has ended with the decision of the Alderney court, after hearing the liquidator's report, to dissolve the company

report, to dissolve the company today.

The chairman of the court, Colin Bragg, praised Tuffin's dogged efforts, "in difficult circumstances involving litigation and journeys abroad in the face of harassment."

The Bank of Alderney was originally formed in 1956 by a

Parisian lawyer and later sold to Edmund Stekel and Seymour Kraft, who were each fined \$60,000 at the Old Bailey in 1965 for fraud involving the bank.

Ownership then passed to a former mayor of Twickenham, Frederick Edwards, who claimed to have sold the bank at Le Bourget airport in 1967 — the year before it collapsed — to a Graham Heron.

ham Heron.
Tuffin's main concern as liqui dater was to show that Edwards still owned the bank. He won a

case in Alderney described a case in Alderney described as "probably the longest and most intricate" the island had ever known, and then had to battle on in the Guernsey court and the British High Court.

The liquidation took him to Malta, where the Bank of Alderney had many of its depositors, and also to Gibraltar.

Finally, Tuffin recovered over \$54,000 - enough to pay 9lp in the pound to all the surviving claimants who could be traced.

Words of comfort The judgments that flow from he High Court are mines of eso-

See, for example, Mr Justice Hirst's ruling this week in which Kleinwort Benson was held to be entitled to recover \$12m from the Malaysia Mining Corpora-

The case concerned a "letter of comfort". This is a device known to businessmen - who do not always find it comforting. According to the judge, it is a letter written usually by a parent company, or even a government, to the lender giving comfort to the lender about a loan made to a subsidiary or a public entity.

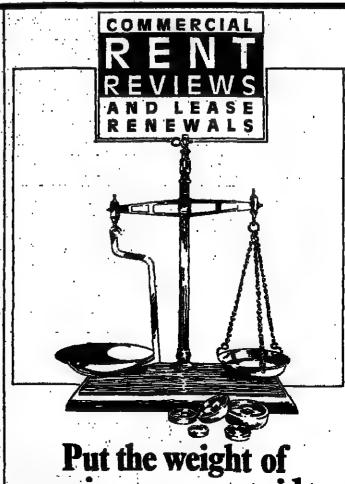
They are, it seems, widely used in bank finance in Germany. Hirst offered the additional

have also been known to write a letter of patronage.
Then there is the better-known gentlemen's agreement, which has been described as, "an agreement which is not an agreement, made between two persons neither of whom is a gentleman, whereby each expects the other to be strictly bound without himself being

bound at all."...

intelligence that businessmen

Observer



experience on your side...

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Still room at the top for heroes

to pause for thought. But done so." He says Sir Christo- unusual defeat at the hands of Harry Solomon, chairman of pher has also benefited from fast-growing food company his affability.

Hillsdown Holdings, needed a day's notice before responding.

Bob Bauman, the American dents' decisions — some had in charte of Rescham Grown.

in charge of Beecham Group, did not feel qualified to answer as he has only been in the UK for about a year. Anthony Tennant, chief executive at drinks and entertainment group, Guinness was too busy.

Mike Smith goes in search of the growth in margins. Mr Rudd readily admits that they have businessman's businessman

he admires for having seen a largest companies, Sir Ian, who gap in the clothes market and is 10 years older, no longer has exploiting it.

exploiting it. the influence he once wietceo.

Mr Davies has quite a follow- And that, Lord Hanson ing among industrialists and believes, is a pity.

several mentioned him as second choice. But it was Sir the decade, head and shoulders Christopher himself who above the rest, I am amazed by emerged as the most admired the depth of his knowledge and

businessman, receiving support from four of the 30 respondents to the FT's inquiry.

Next in line was Sir Ian MacGregor, former chairman of British Steel and British Coal, with three votes. He was followed by Lord Hanson, chairman of the big industrial group named after him, Sir Owen of Green, chairman of conglomerate BTR, and Sir Colin Marshall, chief executive of British ability to analyze what is needed and get things done."

Sir Ian was also backed by Sir Nigel Broackes, chairman of Trafalgar House, who spiritedness"; and by Tony Clegg, chairman of Mountleigh, the property company, who points to his "breadth of vision."

Lord Hanson received nominations from Martin Sorrell. shall, chief executive of British

Airways, all nominated twice. Sir Christopher's supporters - Sir Adrian Cadbury, chair-man of Cadbury Schweppes, Robert Gunn, chairman of is different from the policy we Boots, the chemist and retailer, have adopted at Hillsdown Sir Hector Laing, chairman of where we buy companies to

4.45

of

sions in terms of numbers of parts it kept."

sions in terms of numbers of parts it kept."

BTR's Sir Owen Green has

nant, chief executive at drinks group Guinness, was too busy.

The question which they and a randomly chosen group of leading British industrialists had been asked was simple enough: who was the business person they most admired? Few, however, found it easy.

Bloody hell, that's a fast one, said Sir Christopher Hogg, chairman of textiles and chemicals group Courtaulds. In the event his response came quicker than most: his choice was George Davies, chief executive at drinks and entertainment group, chose Hillsdown's Harry Solomon "because he is clever, works hard and has a delightful personality."

Friendship was certainly intact and he was nominated by Nigel Rudd, chairman of Williams Holdings, the industrial conglomerate, and by Richard Miles, managing director of the Steeley brick company.

Mr Rudd praises the way in which BTR emerged from the crash with a strong balance interests in the US, both are staunch supporters of Conservative Party policies and both seem at ease with high public profiles.

But whereas Lord Hanson, the works hard and has a delight ful personality."

Mr Rudd praises the way in which BTR emerged from the crash with a strong balance sheet, but his admiration for Sir Owen goes further back.

Like BTR, Mr Rudd and his partner Brian McGowan, Williams's managing director, have bought and built businesses which may not be in the most exciting sectors, but do

drawn-on Sir Owen's example done with mature companies by cutting overheads and, sometimes, reducing volumes,"

nations from Martin Sorrell, head of the WPP marketing services group, and from Harry Solomon, who is impressed by Hanson's takeover strategy. "It United Biscuits, and Graham keep, but you have to take Day, chairman of Rover Group your hat off to him. At Imperadmire him for the quiet but rial, for example, the prices he got for the parts he did not want to keep were so high that "He had to take tough decirions in terms of numbers of parts it least"

is heroes: Sir Christopher Hogg (left) and Sir lan MacGregor

Davies's vote goes to Sir Colin director of Vickers, for Sir Nor-Marshall, chief executive of man MacFarlane, Guinness's -British Airways. Mr Sheppard chairman; George Walker, applauds Sir Colin for taking chairman of leisure group BA successfully from the public to the private sector. British Goldsmith international finance. in the way they have develapplands Sir Colin for taking oped Williams. "We were BA successfully from the publications with mature companies ish Airways is an entirely different animal from what is was by cutting overheads and, ferent animal from what is was several to the property of the cutting of the cu when Sir Colin took over," he ducts business. His choice was nessmen who chose a non-

Briton. His selection was Har-Dixons, the retailer.

"These days too many shops ITT, whom he observed at are grey and understated," says close quarters while working Mr Ratner. "But when you in the late 1960s and early walk into a Dixons shop you 1970s for car hire company are invited in by the bright colours and you have to stop and look." Mr Kalma, he says, embracing everything from has a no-nonsense approach aliced bread to telecommunication. old Geneen, the former head of

tions.

Kent Price, chief executive at Chloride, the batteries com-

designate of supermarkets pany, selected fellow American group Asda, also chose a man Jack Welch, chairman of Genfrom his own sector. He eral Electric, whom he says has selected Peter Barr, Hazlewood brought about "tremendous Foods" chief executive, for cultural changes" at GE. building up a "brilliantly suc- Of the other businessmen questioned, nominations were received from: Lord Delfont, chairman of First Leisure, the

entertainments group, for Lord Forte, chairman of Trusthouse Forte, John Gunn, chairman of British & Commonwealth Holdings, financial services group, for Williams's Nigel Eudd; Sir humanitarian way, says Mr also acquired a strong reputation. "There might not have tion for his sakeover skills, but man of Grand Metropolitan Mr David Plastow managing

Goldsmith, international finan-cier, Sir Alistair Frame, RTZ's chairman, for Sir Peter Walters, chairman of British Petroleum; Sir Terence Conran chairman of Storehouse, for John James, Laura Ashley's managing director; and Andrew Teare, managing direc-tor of building products com-pany Rugby, for Sir Eric Pountain, chairman of Tarmac.

Perhaps the most original response came from Stanley Kalms, of Dixons, who chose Lord Garmoyle, vice-chairman of merchant bank S.G. Warburg, financial advisor to Dix-ons. Kalms selected him because of "the quality of fees he charges ... which are worth every million."

Strictly speaking the final nomination should be disallowed. But try telling Lord Forte and Sir Alan Dalton, chairman of English China Clays, that Mrs Thatcher does not count because she is not a husinesswoman.

Lord Forte says she deserves the vote because of her part in restoring Britain to its place among the top business nations in Europe. Sir Alan insists the Prime Minister qualifies because "she is MD of GB PLC"

The BA/BCal merger

Monopolies Commission goes on trial

By David Sawers

FEW DECISIONS have dam- their potential effect on com- approval aged the reputation of the petition.

Monopolies and Mergers Com
The Commission has thus mission as much as its been told to consider the effect approval of a merger between of mergers on competition, but

The Commission does not ments have not had enough normally find respected faith in the benefits of compe-experts saying that it has been tition to make its preservation taken in by the arguments of the specific objective of compethe predator, or the Financial Times, saying that it has come close to undermining the Ministerial guidelines which were its abilities that has not been supposed to influence the instifled by recent experience.

Caledonian case has weakened sible.

the Commission's reputation If it is accepted that competifor independence. It has also tion usually improves eco-

which appear relevant in the Monopolies Commission is supparticular circumstances of a posed to follow have not forcase when deciding whether a mally been altered.

merger or monopoly may be If the criteria were altered on contrary to the public interest. these lines, the handling of But it is also enjoined to consider the effect on competition and more analytical. Questions and on consumers, on the like the scope for economies of regional distribution of industribution and more analytical scale or the cost of launching the and on exports and lord new products would be crucial

British Airways and British it can consider any other factor Caledonian, a deal finally it likes in judging the "public accepted this week by the BCal interest". It has been given this board.

isterial guidelines which were supposed to influence the justified by recent experience. It is indeed doubtful whether the prime justification for the Monopolies Commission so broad a remit effectively has been that it provides the quasi-judicial body that can lies Commission is a group of interpret the "public interest" 30, of whom only the chairman criterion adopted for judging is full time, who rarely work the merits of mergers and monopolies, and possesses the independence that is needed to ensure acceptance of its decisions.

The British Airways/British group, its task must be impos-The British Airways/British group, its task must be impos-

demonstrated some of the dis-advantages of using a "public petition policy should interest" criterion for such therefore be dedicated to maindecisions, and of leaving the taining competition wherever. Commission to determine what it is appropriate, the criteria constitutes the "public interest" for judging the merits of mergin each case. It came close, in ers and monopolies would simite decision on British Airways, ply be whether a merger would to equating the "public interreduce competition; and if it est" with BA's share of the did, whether there were offsetworld market. This naive merting, benefits which outcantilist approach is traditional weighed the potential losses.

among airlines, but an investigating agency that is required to seek out the public interest might be expected to have adopted some more sophisticated concept.

The Commission is required to take account of all matters references the critaria the to take account of all matters references, the criteria the which appear relevant in the Monopolies Commission is sup-

try and on exports; and Lord new products would be crucial Young, the Secretary of State and wider issues of "public for Trade and Industry, interest" would not be permit-recently confirmed that he will ted to intrude. Judgments follow the policy of his predecessor, Mr Norman Tebbit, by Businessmen considering a referring mergers to the Commanger would know what they mission primarily because of had to establish to obtain

Such a change would also reduce the justification for-handing judgment to the Monopolies Commission. The supposed advantages of an independent and quasi-judicial body become even more dubi-ous if decisions are primarily a matter of analysis. This analysis would have to be made by the professional staff of the Commission; its part-time members might be able to con-tribute if they had relevant experience, but the two days a week which they devote to the Commission (of which only one is usually spent at the Commission's offices) can hardly permit them to partici-pate in serious - and hurried -

courage to adopt the recom-mendations of the 1978 Green Paper, it should also take the more drastic step of abolishing the Monopolies Commission. The task of judging mergers and monopolies could better be undertaken by the Office of Fair Trading which already advises the Secretary of State for Trade and Industry whether they should be referred to the Monopolies Commission Commission.

The staff of the Commission could be transferred to the Office of Fair Trading, which would also need of two or three more deputy directors general who would supervise the investigations of mergers monopolies as the full-time directors of each study. The Director General would still advise the Secretary of State whether such investi-gations should be made and the advice to the Secretary of State on the desirability of a merger or monopoly would for-mally come from the Director General, though he would be advised by the deputy director general

Such a change would permit quicker and more professional investigations. If speed is a vir-tue in such enquiries, they should not be made by part-timers. The Monopolies Com-mission reflects the British admiration for the amateur approach: mergers and monopolies deserve professional and full-time study.

The author is an economic

January 15, 1988

Bevan rationed the NHS too

From Mr L.J. Bufton. Sir, Joe Rogaly's analysis of the problems of funding the NHS (December 17) is fundamentally

mixed economy mould.

Even the exponential effects of This was also a partod in rapid scientific and technological which the South Africans illeprogress are hardly unique, gally occupied Namibia, armed Many managers in industry have terrorist organisations in Mozamlong since had to justify to their bique and Angola, and forcefully corporate planners and share-holders the formulae to plan lans and Zambians to reduce effectively to contend with the their "dependence" on South phenomenon.

Africa's railways.

phenomenon.
In "comfortable Britain" the NHS can be funded reasonably adequately. The seeming water-shed in the debate on financing has been artificially contrived by several years of draconian underfunding by HMG.

I.J. Bufton, 50 Kelmsett Road, Birmingham

Divestment will help to end apartheid

From Mr Avanish Persaud.
Sir, In the Monday Page interview last week (December 14), London School of Economics, the Governor of the South African Reserve Bank, Mr Gerhard

Avanish D. Persaud,
Students' Union
London School of Economics,
East Building,
Houghton Street, WCS

Letters to the Editor

(December 17) is fundamentally flawed.

The 'infinity of demand' point is largely spurious, in that large numbers of people do not rush to use the NHS at the drop of a hat, but use the local chemist's shop instead. More significantly, all the signs are that they would prefer to pay more for the NHS through taxes. Much more.

The 'vested interests' item is almost an insult to "doctors, nurses and health administrators." These people are professionally qualified and work to rigorous standards, seldom to whim or parochialism. The administrative costs of the NHS are in fact lower than their equivalents in the largely private health system in the US.

There is nothing new about "rationing" either. In post-war ravaged Britain Bevan had-to ration the NHS, which is one reason why he fashioned it in a mixed economy mould.

Even the exponential effects of This was also a period in

Even the exponential effects of This was also a period in

Archbishop Desmond Tutu once said: Those who invest in South Africa should not think they are doing us a favour; they are here for what they can get out of our cheap and abundant labour and they should know that they are buttressing one of the most vicious systems in existence." Today, more than 140 companies have divested from South Africa. The more that do so the closer we shall be to seeing the genuine "elimination of the vestiges of apartheid" those who became council tents to become owners.

Happily, all political parties have now seen the light with varying degrees of clarity. The next step should be to introduce a system of grants for council tents to become owners.

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Happily, all political parties a system of grants for council tents to become or council tents to become owners.

Mistakes made in housing policies

Stanley Kalms, chairman of Dixons, the retailer.

and knows everything that is

going on in Dixons.

John Hardman, chairman-

cessful company with the min-

George Davies, of Next, went outside retailing for his choice,

perhaps unsurprisingly given that he is considered by many to be the most dynamic force in his field.

From the Chairman, National House Building Council.

Sir, Samuel Brittan says (December 14) that we may at long last be in sight of a cemocracy where most people can look forward to substantial free property.....unfortunately, in the case of housing inheritance it will have made least progess at the lower and of the income scale where it would be of most benefit.

fit."
How right he is. It is hugely unfortunate that all political parties based their housing policies between 1945 and 1979 on false assumptions that the best way, and the theapest way, to help peorer people to have good houses was to build new houses for them to rent. Neither for them to rent. Neither

Assumption was true.
As long ago as 1973 a Housing
Research Foundation report
pointed out that this kept poorer pointed out that this kept poorer people in a poverty trap without any hope of acquiring a substantial asset. For the same amount of public money it would have been possible, using shared ownership schemes and other devices, to enable at least half of those who became council tenantic to become agreement.

quently, or who do not want to Scottish College of Textiles, own. But helping poorer people Natherale, to buy costs little more than Galashiels

helping them to rant, and provides an admirable way of spreading wealth among all sectors of society.

A.W Tall,

58 Portland Place W1

It matters where the litigation is heard

From Mr. John McDonaga.
Sir, The article by A.H. Hermann (December 14) highlighted the differences in attitudes to

importance to the amount of compensation which may be awarded. This was obvious to the Indian government when they attempted to have the Union Carbide action heard in the US. This was opposed by Union Car-bide, and the multinational eventually won the day, with the result that the action was to be heard in India.

heard in India.

There is a precedent, since the crash of Turkish Airlines flight. TK981 near Senlis in 1974, for such actions to be heard in the US. In this Instance the litigation, which concerned a Turkish aircraft flying from Parls to London carrying 346 people of more than 20 different nationalities, was heard in American courts because the seanufacturer. was heard in American courts because the manufacturer, McDonnell Douglas, was claimed to have supplied a defective product. Even though the accident happened ourside the boundaries of the US, and attempts were made by the defendants to have the action heard outside the US, the case was eventually heard in Los Angeles. One point to hear in Angeles. One point to bear in mind is that the compensation awarded to two sisters from London, for the loss of their parents,

to enable some of them to buy in the open market. The houses which they then vacate would become immediately available for the most needy on waiting liets.

Perhaps if similar awarus became the custom in UK courts, more care might be taken by firms with regard to their prod-nets and services.

want some houses to rent for Department of Management those who have to move fre- Studies,

New Issue



ENTE FERROVIE DELLO STATO

DM 500,000,000

5 % % Bearer Bonds of 1988/1993

unconditionally and irrevocably guaranteed by

The Republic of Italy

Bayerische Vereinsbank

Aktiengesellschaft

Commerzbank

Banco di Roma Morgan Guaranty GmbH Shearson Lehman Brothers A.G.

Banca Manusardi & C.

Crédit Commercial de France

Deutsche Bank

(Deutschland) GmbH

Dresdner Bank Aktiengesellschaft

Istituto Bancario San Paolo di Torino

Morgan Stanley GmbH

Schweizerische Bankgesellschaft (Deutschland) AG

Banca Nazionale delle Comunicazioni

Bank of Tokyo (Deutschland)
Aktiongesellschaft Daiwa Europe

Baring Brothers & Co. Euromobiliare

Industriebank von Japan

(Deutschland) AG

Kredietbank International Group

Nomura Europe Group

Westdeutsche Landesbank Girozentrale

Wirtschafts- und Privatbank

Yamaichi International (Deutschland) GmbH

Banca Nazionale del Lavoro Banca Commerciale Italiana

Banco di Napoli

Banco di Sicilia

London's West End residential communities are beleaguered

stable communities the post in these areas is the inevitation decline over the past 10-15 control decline over the control decline over the control decline over the past 10-15 control decline over the political. Their majority on the council is down the following the form of the past 10-15 control decline over the past 10-15 control decline over the past 10-15 control decline over the pa

From Gouncillor Paul Dimoldenberg.

Sir. Your special feature on Westminster misses the fundamental flaw in the Conservative Council's approach to creating stable communities (December 11).

It is obviously true that population decline over the past 10-15.

The real stable communities.

The real stable communities.

The real stable communities of the conservative sequence of this economic process.

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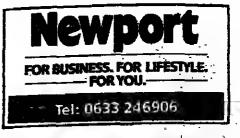
The real stable communities of the conservative sequence of this economic process.

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FINANCIAL TIMES

Wednesday December 23 1987



EC reaches accord on plan to end steel quotas

EUROPEAN Community Industry Ministers last night reached a breakthrough accord to phase out all steel output controls over the next six months to three

Concessions both by the European Commission and by the big steelmaking countries at a key meeting in Brussels allowed member states to settle on a timetable for dismantling the production quotas which have helped prop up steel prices since 1980.

They accepted a slightly- soft-ened version of the Commission's plans for liberalizing the steel market, an event which is expected to hit prices for the 60 per cent of EC steel output now governed by quotas. Yesterday's accord will keep quotas going for longer than Britain, the Netherlands, most steel consumers and the more efficient producers would have liked, but at least sets a firm timetable for a free market, thereby ending more than a year of uncertainty.

"We can live with an extension of quotas so long as countries are of quotas so long as countries are at least tackling the closures required to get rid of surplus capacity across Europe," said Mr Kenneth Clarke, UK Trade and Industry Minister. Britain would be offering no closures and would expect the required restructuring to come from Germany, Italy, France and Belgium.

Quotes for merchant bar and wire rod will expire on January 1, followed - in the absence of 1, followed - in the absence of promises of major closures - by hot rolled coil, heavy plate and heavy sections on July 1. The Commission will extend quotas for heavy plate and sections until the end of 1990 if industry comes forward with binding promises to cut three-quarters of overcapacity in those products by next June 10.

It will also consider extending quotas beyond next July 1 for

quotas beyond next July 1 for hot rolled coil, rather than ending them automatically as originally planned. That would also be conditional on guarantees from the industry by next June to shut 7.5m tonnes out of the 11.1m tonnes of overcapacity that the Commission's latest esti-

nates show in that sector. Hot rolled coll includes the largest and most politically sensi-tive chunk of steelmaking over-capacity, based in a handful of very large publicly owned plants. The Commission's offer to consider the option of extending quotas for hot rolled coil beyond next summer was the key to winning the support of West Germany, France and Italy, which were keen to delay a return to a free steel market. Britain and the Netherlands also lent the Commission their sup-

output controls.

Mr Clarke denied that the accord was a setback for British Steel, which has been complaining that its production has been hampered by quotas. British Steel would benefit from any acord that helped to cut overca-pacity, he said.

port yesterday, having previously urged an immediate end to

One reason for member states' sudden flexibility was that fallure to make a decision by the end of the year would have led to the expiry of the entire quota system on January 1. Mr Karl-Heinz Narjes, European Industry Commissioner, said confidential commissioner, said total the disturbances.

Commission, governments and The continuing occupation is Commission, governments and steelmakers in recent weeks had produced promises to close 20.7m tonnes of overcapacity, a much larger share of the total 30m tonnes surplus than was being offered by the industry earlier.

However, that still falls well short of the Commission's crite-

ria for extending quotas beyond next June, especially for hot rolled coil. Then the industry has

Zimbabwe merger brings one-party rule closer

after more than two years of negotiations, yesterday signed an agreement to merge their two political parties, paving the way for a one party state.

"The nation must feel jubilant

at this moment, at this act which has brought us together, said Mr. Mugabe after the signing of the accord in the capital, Harare.

lation, was more cautious. "It is'
the beginning of unity, for unity
is not just the signing of documents. Unity is what follows."

Some supporters of Mr Nkomo
are opposed to union with Mr
Mugabe's ruling Zimbabwe African National Union party and
fear domination by the country's
Shona majority. Recent killings
of white farmers in the southwestern province of Matabele. western province of Matabele-land have been linked to Nde-bele dissatisfaction with the central Government.

The merger of the two parties will give Mr Mugabe all but one of the 140 seats in the two-tier parliament. Mr Mugabe is due to be installed as Zimbabwe's first executive president at the end of December. He will be the leader of the new party and Mr Nkomo is expected to become one of the wo vice-presidents.
The agreement says: "ZANU (PF) shall seek to establish a socialist state in Zimbabwe on



Zimbabwean Frime Minister Robert Mugabe (left) and oppo-tion leader Joshua Nkomo embrace after signing an agreeme

as soon as possible. The accord commits the two parties to act Immediately to end the violence in Matabeleland. The two fought a seven-year guerrilla war for Zimbabwe's

guernila war for Zimbabwe's independence under a loose alliance known as the "Patriotic Front" but split shortly before the country's first general elections in 1980. The agreement was signed in the presence of President Cansan Banana after 10 meetings held since October 1985.

Denmark, Ireland face legal

action over border shopping

commitment to unity cutting across tribe, region or race.

The ruling party frequently accused PF-ZAPU of involvement in the Matabeleland rebel-

Negotiations resumed last August after Nkomo had dropped several demands, including a new name for the

merged party.
Hundreds of civilians, includ-ing at least 50 white farmers the guidance of Marxist-Leninist
1985.

The unity pact should be
finally approved by congresses of
the two partles, to be convened

The unity pact should by reaffirming its

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Tresponded by reaffirming its

The guidance of Marxist-Leninist

Ing at least DU white farmers
have died in the violence which
began after Mr Mugabe sacked
Mr Nkomo and his senior aides
from a coalition cabinet set up
after independence in 1980.

When the going gets tough, the tough go shopping

BELT-TIGHTENING? Not a bit of it. New Yorkers — who read daily post-crash predictions of restaurants going out of business, property prices collapsing, theatre tickets left at the box office and empty department stores — are going about the serious business of Christmas shopping as if they had never heard the phrase "wealth effect." aith effect."

"wealth effect."

It takes more than the obliteration of a trillion dollars of personal wealth to keep them away from the shops. This annual orgy of spending and giving is more than just a function of wealth — it is keeping up with the Joneses, entertainment and therapy. You can't beat New York as a place to shop. Where else in the world does your corner pet shop (in this case, Beasty Feast in Greenwich Village) offer fully-carpeted, three-

reast in Greenwich Village)
offer fully-carpeted, threetier cat condominiums for
multiple feline residency? Or
an air-conditioned hat?
More staid is Bergdorf
Goodman, the gorgeous,
old-fashioned store next door
to the Plaza Hotel.
Regiderf Goodman is the

to the Plaza Hotel.

Bergdorf Goodman is the sort of operation which would not be put out of its stride by a minor event like an unprecedented collapse on Wall Street. With great aplomb, it went ahead with its Luxe collection of Christian LeCroix dresses—retailing for up to about \$30,000 each—a week after the crass.

after the crash.

Bergdorf, like many other up-market stores in New York, is unashamedly adoring of anything British. What could inspire a battle-weary Wall Streeter more than a bottle of Blenheim Bouqust ean de tollette, imported by Penhaligons of Covent Garden and retailing at \$51 for a 3%-ounce bottle?

Beautiful young men.

WITH AN appropriately seasonal sense of timing, the European Commission decided yesterday to take ireland and Denmark to the European Court of Justice for imposing allegedly lilegal limitations on cross-border shopping sprees.

The problem arose earlier this year when both countries announced that the Communitative duty and tay free ellowances to curtail so called "fiscal" travellers the curtail so called "fiscal" travellers the curtail so called "fiscal" travellers an expectation to take advantage of lower rates of value added tax interpretation contradicts efforts to create a barrier-free internal market, notably the far-resching proposals tabled by the commission that the Communitation with bargain hunters on day exceptions from the Republication. Beautiful young men, dressed in bow ties and Gior-gio Armani suits, drape themgio Armani saits, trape themsely in-habited departments, languorously mouning about how awfully busy it is.

Well, it is busy in Blooming-

announced that the Community's duty and tax free allowances day excursions from the Repubfor drink, cigarettes and "other
goods" up to a value of Ecu350
(\$441) in Ireland's case and Republic made several comcu280 in Denmark's case, would
in future be restricted to "bona fide" travellers.

After citizens of the Irish
Republic made several complaints to Brussels about their
Government's rigorous enforcein future be restricted to "bona fide" travellers.

After citizens of the Irish
Republic made several complaints to Brussels about their
Government's rigorous enforcetary restrictions.

Aspokesman for the Irish Govment of the rules, the commis-

let, where shoppers run as quickly as they can through two columns of girls in party frocks spraying them with scent. The other is the living tableaux – motionless shop This group would be defined as those who spend 48 hours out the case and issued a so-called of the Irish Republic, or 24 hours "Reasoned Opinion" in October Officials believe that the new Officials believe that the ne

> If it weren't for the amazing tolerance of New Yorkers for rudeness in department stores, these redoubtable guardians of Bloomingdale's inventory would cause the

concern about the Israelis' use of live ammunition to quell the riots. "The effects of occupation are not felt in the territories alone. They also damage the self-respect and world opinion of the Israeli people."

The statement, the latest in a series from Washington, raised speculation that the US might be presering to abstain when the 19-vear-old Palestinian was shot next US recession.
It is almost impossible to buy anything. God forbid that you try to talk to them or ask for advice. On the whole, New

for advice. On the whole, New Yorkers observe this code.

They have a saying: "When the going gets tough, the tough go shopping."

Witness the many anecdotes, told with relish by New Yorkers, of rudeness, queues and the unpleasantness of shopping. "It was amaxing: I queued up for two hours at Macy's the other day." Giving a Christmas present is just that much more heartfelt

a Christmas present is just that much more heartfelt when you have spent most of an afternoon buying it.

Conrant, the US arm of Str Terence Conrant's Habitat, wins hands down as the biggest challenge to the New York shopper. The drawback with the US consumer's desire to buy anything not made in the US (apart from the trade deficit) is that goods from abroad have to be shipped—and shipments always arrive next week.

One customer who asked

One customer who asked how Sir Terence remained in business was told by one of the harassed young assis-tants: "But he was knighted by the Queen of England." ompelling logic.
It is as hard to buy a hi-fi

system at Crazy Eddie, one of New York's electrical discount stores, as it is to buy pine tables at Couran's, but it

is much more fun.

As nobody expects to find anything in stock — an audit of inventory in November discovered the inexplicable disappearance of \$45m worth of merchandise — it is a delimerchandise — it is a deli-cious triumph when you man-age to buy one of the items advertised at INSANE prices

THE LEX COLUMN

Japan knocks on an open door

The stock market crash may have led the OECD to trim half a percentage point off its 1988 growth estimate for the industri-alised world, but since the recent economic performance has been stronger than expected the pre-crash estimates of 2% per cent growth next year remain unal-tered. It should be relatively comforting for the world's finan-cial markets that the OECD does not see a recession on the horizon, and that stable inflation rates are projected over the next couple of years. However, the couple of years. However, the dollar continues to trade very close to its recent record lows against the DM and yen, and with US interest rates drifting lower and little sign of any serious effort by the US authorities to atem the dollar's decline, it would need a strongly worded G7 statement to reverse the bearish mood in the foreign exchange markets.

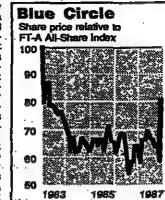
US primary dealers

The Bank of England still likes to rely on its old system of nods and winks in letting foreign institutions know who will be acceptable members of the the various City clubs. But the Faderal Reserve Bank of New York, which is charged with policing the US financial markets, is less able to hide behind a similar the US financial markets, is less able to hide behind a similar shroud of secrecy. The New York Fed has come under increasing fire to explain its actions, particularly because of its plans to allow an increasing number of Japanese firms to become primary dealers in the US government securities market, which lies at the heart of the US financial system. Several bills before Congress, for example, aim to

cial system. Several bills before Congress, for example, aim to bar Japanese firms from becoming US primary dealers until US firms are granted similar privileged positions in Japan.

Despite the vocal local opposition, the Federal Reserve Bank of New York has announced a new batch of foreign primary dealers and included another Japanese firm. However, it used the occasion to review Japan's the occasion to review Japan's progress over the last year in opening up its financial markets to foreign financial institutions, particularly US firms its conclu-sion, which should give a good cive to current Bank of England thinking on the subject is that progress over the last year has been constructive and mutually beneficial, which is a central banker's way of saying that the Japanese have made a number of concessions.

The New York Fed singled out. Japan's willingness to fall into line with the recent agreement



an open attitude to Japanese entry into the more sensitive areas of the US financial markets. It also noted the progress which has been made in allowing foreign firms to join the Tokyo Stock Exchange and the growing foreign access to the Japanese Government bond market. In the UK, the Bank of England does not have to explain its attitudes as publicly as the New York Fed but judging by tell tale signs, such as last week's indication that Yamaichi and Nikko would receive UK banking licences, it seems only a banking licences, it seems only a matter of time before Nomura joins the UK gilt-edged market.

Blue Circle

Blue Circle

Blue Circle's contrasting, and not unpleasant, experiences with "dawn raids" over the past three weeks offers another promising indicator of renewed market confidence. At the beginning of the month it took Blue Circle two days to snap up most of the 8m shares in Birmid Qualcast it was then seeking. But whoever tried to give the UK cement group a taste of its own medicine yesterday ended up looking badiy in need of lessons in cheap stake-building from the Kuwait Investment Office. Instead of grasping the cash with relief, the market makers and fund managers interesting the cash with relief, the market makers and fund managers interesting the cash with relief. makers and fund managers initially pushed the Blue Circle slipped back to almost 10 per cent below the BP offer. Arco, 21.15p premium to Monday's with its stake up to 19.7 per cent, was meanwhile lying low. Even this really is the end of the so, turnover in BP and Britoil dawn raid phase, but whether made up 28 per cent of the maror not investors share the industrialists' perception of the good value available at present prices at least they have the confidence to biuil it out against the corpo-

misjudgement may have more to do with Blue Circle itself. The do with sine circle itself. The belief that the company has moved too quickly from defence to attack, and has lumbered itself with an earnings drag through buying relatively highly rated companies, may have con-tributed to its recent unpopular-ity. But when fund managers are invited to consider the longer-term value of the company, such immediate earnings dilution immediate earnings dilution becomes rather less significant. Most analysts now put the fundamental value of the shares at well over \$5. In the event of a bid, Blue Circle will no doubt boast about its property portfolio and the Armitage Shanks brand must have a value not apparent to the halance sheet. Against on capital adequacy policies for in the balance sheet. Against international banks, as the most that, of course, an outsider could important recent reason why it ruthlessly close unprofitable is prepared to continue to adopt cement plants and create a an open attitude to Japanese cement shortage for the benefit entry into the more sensitive of Blue Circle shareholders.

BP/Britoil

From BP's viewpoint, the advance of the Kuwaitis must be motion nightmares. Just over a sixth of the company has now disappeared down the KiO's gullet, and the UK Government looks on unmoved — which must be particularly galling in view of the Government's consistent to the Government's opposition to BP itself making a nourishing snack of Britoil. With its stake at just over 1bn

With its stake at just over 1bn BP new, Kuwait now has aimost half the entire issue. Even for the KiO, the sums are starting to look formidable: over £700m invested already, and a further £2.1bn due in further instalments if the shares are held for another 16 months. The £80m net dividend due in May will be a consolation, but the worry must be that if Kuwait does not eventually want to put close on eventually want to put close on a single investment it may sell the stake on to somebody else.

Britoll, meanwhile, was still

faced yesterday with a sudden death play-off. The market's nerve started to crack as it became plain that the Takeove Panel was not going to make makers and fund managers ini- quick decision, and the shares ket total yesterday - the same proportion as Monday, both days having been unusually busy by post-crash standards. The market is going to miss it when the oil sector quietens down.

was in communication with Israeli and Arab leaders about days, thus allowing a motion cri-ticising Israel to pass. The US, Meanwhile, Mr Yitzhak R Israel's main financial backer, the Israel's Defence Min the disturbances. "The continuing occupation is strain and on the 1.5m Palestinians in the territories and on Israel itself," he said, expressing American abstention would be seven orners were wounded. ticising Israel to pass. The US, Meanwhile, Mr Yitzhak Rabin, Israelis main financial backer, the Israeli Defence Minister, has in the past frequently vetoed to use the first Israeli leader to visit American abstention would be them since the unrest began.

US hits at Israeli Gaza policy

THE US once again sharply criti-cised israel's handling of the dis-

turbances in its occupied territo-ries yesterday as Israell troops shot dead a Palestinian in the

Gaza Strip, raising the official death toll in the fortnight of riots there and in the West Bank

The White House spokesman,

Mr Marlin Fitzwater, said President Ronald Reagan was closely monitoring developments and

in Belgium, in the process of forming a new government, France, facing presidential elections next spring, and the UK, where British Steel is about to be privatised.

The Commission has exacted promises from the Industry to shut just over half of the 5.9m tonnes overcapacity in heavy plate and 61 per cent of the 3.7m tonnes surplus capacity in heavy sections.

Since the idea of a link with BA commission, is apparently possible under the regulations, to be introduced on January 1, for a its investigations are that certain more liberal EC air transport regime.

The latest initiative comes as of the takeover appear to contravene Article 86 The latest initiative comes as of the Treaty of Rome, which prohibits "any abuse by one or competition commissioner, has more undertakings of a dominant position within the common market."

BA expects to have completed the integration of BCal into its own organisation by April 1, the start of the summer travel seasion expert, one possibility

next June, especially for hot rolled coil. Then the industry has promised between a quarter and just over half of the latest estimate of 11.1m tonnes of surplus production potential in the sector. The huge margin of error is because of political uncertainties in Belgium, in the process of formula a new government.

EC threatens court action against BA

Asked about the likelihood that the commission would oppose the merger, Lord King, BA chairman, said in London yesterday that a letter had been received, "but I haven't read it

OECD sees slowdown

preparing to abstain when the 19-year-old Palestinian was shot United Nations Security Council dead during a demonstration at votes on a resolution about the Jabalya refugee camp in Gaza, disturbances in the next few the hub of the recent unrest.

lower next year at 24 per cent, markets and confidence. German growth is expected to be

German growth is expected to be 1/2 percentage point less at 1/4 conomics, disclaimed any sense of alarmism. He made clear that 1/4 percentage points faster at 3/4 per cent.

The projections foresee a further slowdown in the OECD area in 1989, from 2/4 per cent to 1/4 percent, with a slowdown in the OECD area in 1989, from 2/4 per cent to 1/4 percent, with a slowdown in the OECD area of some growth rates in the OECD as a whole.

However, the OECD is on this occasion more than usually cautious about its projections, because of continuing uncer
Mr David Henderson, head of economics, disclaimed any sense in screaming, full-page newsadvertised at INSANE prices in screaming, full-page newsnotably by the fiscal stimulus in a day's shopping, but sometimes you get the feeling that even these acquisitive stalmulatory measures in Germany.
One consequence of the falling of of economic growth rates is likely to be a further increase in unemployment, to a total for the of Bloomingdale's, overhearing an English woman proclaim she wouldn't be builted by a shop assistant, admir-Mr David Henderson, head of

because of continuing uncertainty over the policies of governments and their impact on 11% per cent over the two years.

by a shop assistant, admirtainty over the policies of governments and their impact on 11% per cent over the two years.

AEROSPACE ENGINEERING, ALAN PATRICOF ALEXANDER HOWDEN, ASHURST MORRIS CRISP, 3i, ALLIED IRISH, BAKER HARRIS SAUNDERS, BANK OF SCOTLAND, BARINGS BARCLAYS, BODDINGTONS, BUCKMASTER & MOORE, BZW, JAMES CAPEL, CAZENOVE CHARTERHOUSE, CHASE MANHATTAN, CIN CONTINENTAL ILLINOIS, COUNTY, COUTTS DIBB LUPTON, FRERE CHOLMELEY, GOVETTS FRESHFIELDS, GNI, GT, GOLDMAN SACHS GOOCH & W WAGSTAFF **GREAT SOL** SOUTHERN

HOUSE OF HAPPY CHRISTMAS OF FRASER AND BEST **H&JQUICK** INDUSTRIE WISHES FROM HOARE 60 JOHN FOST ROBSON RHODES KLEINWOR Chartered Accountants LLOYDS, LQ MIDLAND.

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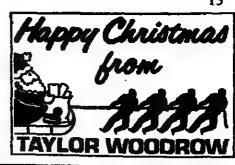
DREW, PHILIP HARRIS, PICCADILLY RADIO RADAMEC, THOMAS ROBINSON, ROYLES S.G. WARBURG, SCHREIBER, HERBERT SMITH SAVILLES, SHEPPARDS, SLAUGHTER & MAY STEPHENSON HARWOOD, TSB, TEMPLETON GALBRAITH & HANSBERGER, ROYAL BANK OF SCOTLAND, UNITED SCIENTIFIC HOLDINGS SUTCLIFFE SPEAKMAN, WILLIAM F. PRIOR WELLMAN, MIM, WILLIAMS LEA, YORKSHIRE BUILDING SOCIETY, YORKSHIRE CHEMICALS

sion expert, one possibility bid is announced. World Weather 18 61 Colomby D-Drizzle F-Fair Fg-Feg H-Hall R-Rate

SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

Wednesday December 23 1987



Blue Circle shares surge after failed London dawn raid

BY CLAY HARRIS AND ANDREW TAYLOR IN LONDON

BLUE CIRCLE Industries, Britain's largest cement group, was the subject of an unsuccessful "dawn raid" in the London stock market yesterday as a mystery buyer tried to pick up nearly 15 per cent of the group's shares and indicated it would try immediately to double that stake through a tender offer.

The name of the predator was not disclosed, although favoured candidates included Adelaide Steamship, the Australian investment company which built up a 9.8 per cent stake in Blue Circle managing director, said: "They were not very successful. It seems they got less than 1 per cent."

Adelaide Steamship yesterday

Ind BTR.

The raid was launched in the riddle of Blue Circle's own hossile \$217m (\$395m) cash takeword's largest cement group, flatly denied it was involved, as did lafarge Coppee, the French awnowers; boilers and cookers the commonwers; boilers and cookers the commonwers; boilers and cookers the commonwers and cookers the cookers and cookers the cookers that the cookers are commonwers and cookers the cookers that the cookers are commonwers and cookers that the cookers are commonwers to commonwers. middle of Blue Circle's own hos-tile \$217m (\$395m) cash take-over bid for Birmid Qualcast, the lawnmowers; boilers and cookers group, a bid which itself was preceded by a dawn raid earlier

target was achieved, Capel said, a tender offer would be launched

BLUE CIRCLE Industries, at the same price to lift its

several stages concluding in Adelaide Steamship yesterday declined to say whether it was involved in yesterday's raid or mentioned by London analysts as possible buyers were Hanson and BTR.

Adelaide Steamship yesterday stand declined to say whether it was involved in yesterday's raid or whether it had bought any Blue Circle shares since March.

Meanwhite, Holderbank, the

this month.

James Capel, the stockbrokers, yesterday offered 450p for up to 38m Blue Circle shares, about 14.7 per cent of the total. If the target was achieved, Capel said, behind Holderbank.

National Semiconductor buoyed by record sales

NATIONAL Semiconductor, the US semiconductor and computer manufacturer, reported its third consecutive profitable quarter for the period ending November, with record sales fuelled by its recent acquisition of Fairchild Semiconductor.

Sales for the second quarter were \$640m, compared with sales of \$456.8m for the same period last year. Net earnings were \$11.1m or 8 cents a share compared with a net lose of US semiconductor and computer

compared with a net lose of \$5.7m or 9 cents a share a year ago when the company was hit : by an industry-wide decline in gemiconductor demand.

Results for the second quarter include two months of sales and operating performance for Fairchild, which National acquired for \$122m in stock and warrants.

Earnings were boosted by a \$1.5m, or 1 cent a share, tax credit and by a \$90m gain from the sale of two buildings.
For the first haif of fiscal 1988, sales were \$1.15bn, with net earnings of \$24.1m or 18 cents a share

During the first half of fiscal 1987, sales were \$957.9m; with a net loss of \$7.1m or 13 cents

WPP pays £32m for **UK** design group

By Foona McEmen in London

on below-the-line marketing services like design - unlike other groups which have focused largely on advertis-ing - and has been rewarded by rapid growth. The UK design market, estimated at \$1.70m, is grow-

than 20 per cent. The deal, subject to shareholder approval, is being funded with an initial pay-ment of £5m (£1.5m in cash and £8.5m in WPP shares to

average post-tax profits for the three years ending November 1992.

WPP, the acquisitive UK marketing services group headed by Mr Martin Sorrell, yesterday created what it claims is "the largest retail design group in the world" with the takeover of Stewart McColl Associates, one of London's biggest design groups.

one of London's biggest design groups.

The WPP group, which earlier this year shook the advertising world with its contested takeover of US-based international agency J Walter Thompson for \$250m, is paying up to \$32.5m (\$58m) for its new-est recruit.

Yesterday's deal — WPP's list acquisition — is earnings-related and spread over five years. It brings WPP's tally of design companies to six four of them acquired this year with activities spanning corporate identity, retail, graphics, product and packaging.

Sorrell has concentrated on below-the-line marketing services like design — unlike

ing about 25 per cent a year, while the US market, worth about \$9.5hn, has an annual growth rate of more

be held for at least three years) with a farther \$1m conditional on profit levels, which McColl believes will

Further carnings-related payments in cash and shares will occur over the next four years. The overall purchase price is based on a multiple of 10 times SMA's Chris Sherwell reports on the creation of a new potent force among world gold producers

Bond plans move into the big time

A NEW international gold min-ing giant is due to be launched on the world's stock markets next year by Mr Alan Bond, the flamboyant Australian businessman. Its acronym, per-hans appropriately, will be BIG.

for Bond International Gold.

The floration will be the cir-

The floration will be the climax to a series of acquisitive moves begun in 1984 which have unfolded at breakneck speed over the past year. Its precise size is not yet known, but it is certain to run to hundreds of millions of dollars. Its timing, too, is yet to be finalised. Before the October plunge in stock markets the target was February or March. That has been put back a month or two, but it is planned to be no later than June.

to be no later than June.

The company to be floated is the current St Joe Gold of the US, 90 per cent of which Mr Bond bought from Pluor in Angust for US\$500m.

The 49-year-old Perth businessman is seeking to buy out the remainder to take the company private. Its domicile will then be changed for tax reasons and it will be refloated as Bond International Gold with listings in New York, London, Tokyo and Australia.

Mines controlled by the group are expected to be prod-

group are expected to be prod-ucing about 1.5m ounces of gold by 1989. This would carry it past Western Mining to make it Australia's biggest pro-ducer and cataput it into



world class. Mr Robert Pearce, managing Mr Robert Pearce, managing director of Dallhold Investments, Mr Bond's private family company, says the hope is to make the group as big as Consolidated Gold Fields of the UK. He adds: "It will take a few extra years."

Dallhold lies at the heart of the land of the land.

the Bond corporate empire. Not only does it control Mr Bond's gold interests, through a complex web of companies, but it also controls the betterquoted company with brewing and television as its principal

Dallhold would be expected to retain at least half of Bond International Gold. But it remains unclear whether every element of his international gold empire would be included in the lloat.

St Joe itself has mining interests in the US and also in Chile, where its El Indio mine is the principal contributor to its overall output. Mr Bond aims to sell down these Chilean interests to 51 per cent, but will probably inject his existing Coliseum mine in Cali-

A move to take a big stake in Atlas Consolidated, the Philip-pines gold and copper pro-ducer, is not part of the equation. In any case, that involves
Bond Corporation, through its
Hong Kong arm.

Most of Mr Bond's Australian
interests will also, on present
assumptions, be transferred to
Bond Interestional Gold

Bond International Gold.
Dallhold controls 58 per cent
of Mid-East Minerals, which in
turn holds 44 per cent of Metals Exploration and is bidding A\$2 a share for the remainder.

So far it has secured about 83 Metals Exploration has the controlling 38 per cent interest in North Kalgurli Mines after buying an initial 19.9 per cent stake from Western Min-ing. At the time, NKM said it expected to sell down its inter-est in GMK to 51 per cent. NKM and GMK between

them have interests in some of the most important mines around the gold-mining centre of Kalgoorlie in Western Aus-tralia – among them Fimiston, Fimiston-Paringa, Mt Char-lotte, Mt Percy and Jubilee. In the most recent develop-ment on this front, GMK last

week announced an A\$375m deal to obtain 52 per cent control of a company called Kal-goorlie Mining Associates. This was done through the pur-chase from Poseidon of the half-share in another com-pany, Kalgoorlie Lake View, which GMK did not already

The deal paves the way for the development of the much-vannted "super pit" in Kalgoor-lie, a massive open-cut devel-opment which will turn the town's fabled Golden Mile into a quarry some 3km long and 1km wide which is expected to yield about 800,000 ounces of

gold a year.
The deal was the first significant gold-related development since the October share market collapse, which hit the over-heated gold sector more sharply than any other. The move confirmed that Mr Bond, who wheeled and dealed

with the best of them during the good times, retains his enthusiasm for gold and is con-tinuing along his chosen path as though the crash never occurred.

This enthusiasm parallels a anse entrusiasm parallels a surge of interest in gold in Australia as a whole. Dubbed "the third gold rush" (the first two having come in the 1850s and at the turn of the century), it will push gold production this year to 100 tonnes—up from just 18 tonnes five years ago.

years ago.

Higher bullion prices, especially when measured in terms of Australia's depreciated currency, the generous absence of corporate tax on gold mining companies, and technological improvements have all contributed to the remarkable

Mr Bond, in advancing his own campaign, has so far spent close to A\$2bn. But because Dallhold is a private company it is impossible to know the shape of his balance

Almost certainly he has built up large borrowings in Dal-lhold. He has also resorted freely to rights issues in companies down the chain, anger-ing some of his shareholders in the process.

Should Mr Bond pull it all off, however, he will end up with personal control of one of the world's largest gold mining companies.

Mazda Motor profits plunge

MAZDA MOTOR, the Japanese car and truck maker in which Ford of the US has a stake of almost 25 per cent stake, had its pre-tax profits halved in the year to Ottober in with of a deline in to October in spite of a decline in sales of just 1.5 per cent.

At a board meeting ahead of the results announcement yester-day, the company appointed Mr Norimasa Furuta, previously a long-serving official of the coun-try's Ministry of International Trade and Industry, as its new president

December 21, 1987

man. Mr Moriyuki Watanabe makes way there to become an advising director.

Taxable earnings for the par-

ent company were Y10.14bn (\$80m) compared with Y20.34bn on turnover which at Y1,602bn was down from Y1,626m.

Mazda is maintaining the annual dividend at Y7.50 a share in spits of net earnings per share which reached only Y4.63 com-

pared with a previous Y8.55.

The company blamed the earnpresident.

Mr Furuta, who joined Mazda pany's heavy reliance on per cent.

In 1985, succeeds Mr Kenichi exports, which accounted for Mazda made no Yamamoto, who moves to the about 70 per cent of its overall the current year.

As in recent years, it said, the continued strength of the yen made Mazda vehicles less competitive in overseas markets by forcing up prices and restraining

During the year, car sales totalled Y941.3bn, an increase of 1.1 per cent, while commercial vehicle sales tumbled 11.6 per cent to Y283.5bn. In volume terms, car sales gained 14.4 per cent to almost 1.08m vehicles, while commercial vehicle sales totalled 459,263 units, down 9.6

Mazda made no projections for

Western Mining in bid

BY OUR FRANCIAL STAFF WESTERN MINING, the Austra-lian gold and mineral producer, continued a push for North American assets yesterday with a C\$95m (US\$72.7m) bid for Grandview Resources, a gold mining company which would

cent holding. It is seeking at least 51 per cent in all.

On Monday, the Australian company agreed to pay C\$160m for Northgate Mines and said it would bid for the associated Norbeau Mines.

mining company which would become its third such purchase there in the last week.

Grandview, for which Western Mining is offering C\$9.55 a share, operates a mine in southern California.

Western Mining said its initial 3.5 per cent of Grandview would be augmented through an agreement already received from Grandview directors and four time. Texas of the US. This European financial institutions was before tax and minority European financial institutions was before tax and minority to sell their combined 21 per interests, it added.

CITIBANCO

THE REPUBLIC OF

TRINIDAD AND TOBAGO

U.S.\$50,000,000 Plosting Rate Notes due 1990

In accordance with the provisions of the Notes, notice is hereby given that the Rets of Interest for the next Interest Period has been fixed at 8½% per annum. The Coupon Amount of US\$416.20 will be payable on 24th June 1988 according suprange of Coupon and Period Coupon Amount of US\$416.20

against surrender of Coupon No.10,

Reference Agent

nutecturers Henover Limited

in accordance with the pro-

The announcement appears as a matter of record only.

CAL

The East Asiatic Company Ltd. A/S

(A/S Det Østasiatiske Kompagni) Copenhagen, Denmark

DM 150,000,000 -51/4% Deutsche Mark Bearer Bonds of 1987/1992

Issue Price: 100% Interest: 57/1% p.a., payable annually in arrows on December 21 - Finel Maturity: December 21, 1992 - Denomination:

DM 1,000 and DM 10,000 - Security: Negative Piedge Undertaking - Listing: Frankfurt Stock Exchange

COMMERZBANK AKTIENCESELLSCHAFT

BANK BRUSSEL LAMBERT N.V.

BAYERISCHE VEREINSBANK

DEN DANSKE BANK

LTCB INTERNATIONAL

NOMURA EUROPE GMBH

S.G. WARBURG SECURITIES.

BANQUE INTERNATIONALE

A LUXEMBOURG S.A.

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CSF8-EFFECTEMBANK

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MORGAN STANLEY GMBH

SOCIETE GENERALE --

ELSÄSSISCHE BANK & CO.

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(DELITSCHLAND) GMBH

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BHF-BANK

SANWA INTERNATIONAL

PRIVATBANKEN A/S

SPAIN The Financial Times proposes to publish this MONDAY 18TH JANUARY 1988 For further information please con-tact:

Mr Luis Andrade Ponzano 72-2G 28003 Madrid Spain Tel: 456 2778 Mr Robert Leach Financial Times Bracken House

10 Cannon Street

Legal Notices

COPENHAGEN HANDELSBANK A/S DEN NORSKE CREDITBANK GROUT

MEP-WILLO LIMITED (IN RECEIVERSHIP)

John Maren Iradale of Cork Gully, Proents House, Station Hill, Tuending, Berkshire with appointed Administrative Pleceiver of MEP-MILCO LIMITED

(Registered No. 13741/9) by Barclays Bank PLC

Citicorp Finance PLC £150,000,000

Guaranteed Floating Rate Notes Due December 1997 Unconditionally Guaranteed by CITICORPO

Notice is hereby given that the Rate of Interest has been fixed at 9.1% and that the interest payable on the relevant Interest Payment Date, March 21, 1988 against Coupon No. 9 in respect of £10,000 nominal of the Notes will be £226.26.

December 22, 1987, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

MERCURY SELECTED TRUST

(SICAV)

10 boulevard Roosevelt Boite Postale 408 L-2014 Lexembourg

PAYMENT OF INTERIM DIVIDEND Notice is hereby given to Sharebolders that, following a resolution of Directors of the Company, interim dividends for the year 1987 of US\$1.50 per share for the Global Fund, and US\$0.40 per share for the Yen Global Bond Fund have been declared.

These dividends will be paid on the 30th December, 1987 to registered Shareholders of the respective Funds who are on the register at 22nd.

These dividends will be paid from 30th December, 1987 to Bearer Shareholders of the respective Funds against presentation of Coupon No. 3, at any of the Company's Paying Agents including its Paying Agent in the United Kingdom:

S. G. WARBURG & CO. LTD. 1 Pinsbury Avenue LONDON BC2M 2PA

from whom claim forms can be obtained. United Kingdom tax will be deducaed from claims in the United Kingdom at the rate of 27 per cent. unless claims are accompanied by an affidavit.

haterim dividends will not be paid on the remaining Funds. 23rd December, 1987 MERCURY SELECTED TRUST

Eni International Bank Limited U.S. \$200,000,000

Guaranteed Floating Rate Notes due 1993
Unconditionally and prevocably guaranteed by Ente Nazionale Idrocarburi

In accordance with the terms and conditions of the Notes, the rate of interest for the interest period December 23, 1987 to March 23, 1988 has been fixed at 715/16% per annum. Interest payable on March 23, 1988 will be US\$200.64 per Note of US\$10,000.

Agent
Morgan Guaranty Trust Company of New York
London Branch



Scandinavian Finance B.V. (incorporated in the Netherlands with limited liability)

U.S.\$70,000,000 Floating Rate Serial Notes due December 1993

Guaranteed on a subordinated basis by Scandinavian Bank Group plc

(Incorporated in England with limited liability)

For the six months 23rd December, 1987 to 23rd June, 1988 In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 81/16 per cent and that the interest payable on the relevant interest payment date, 23rd June, 1988

against Coupon No. 9 will be US\$409.84 per Note.

Morgan Guaranty Trust Company of New York

NOTICE OF REDEMPTION

CAMBRIAN & GENERAL SECURITIES D.I.C

U.S.\$50,000,000 NOTICE IS INTEREST GIVEN that pursuant to Condition 5(b) of the Notice Cambrian & General Securities p.l.c. has elected to redeem on January 29, 1988 (the "Redemption Date") all of its outstanding Floating Rate Notes due 1992 (the "Notes") at a redemption price equal to the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Notes wit cases to accrue.

The Notes should be presented and surrendered to accrue.

The Notes should be presented and surrendered to the paying agents as shown on the Notes on the Redemption Date with all interest coupons maturing subsequent to said date.

Coupons due January 29, 1868 should be detached and presented for playment in the usual matner.

December 23, 1867

By: Citibank, N.A. (CSSI Dept.)

London Principal Paying Agent

Banca Nazionale

lell'Agricoltura S.p.A. (incorporated with limited Hability in the Republic of Haly) London Beanch in Hommed deposits token BCU 200,000,000

Notice is hereby given that the rate of interest has been fixed < 74.6% or the interest period 21st becomes 1987 to 21st june, 1988. The Interest Amount payable on 21st June, 1986 will be BCU 371.72 in

respect of each receipt for ECU 10,000 and will be ECU 185.86 in Canadian Impedal Agent Bank 17th December, 1987

CIVAS 2 LIWITED U.S.\$700,000,000 Internet Rate 8.1076% p.a. Interest Period December 25, 1987 b. June 25, 1988. Interest Payable per US\$100,000 Note US\$4,721,31. December 23, 1987, London By Cithank, N.A., (CSSI Dept.), Agent Bur

U.S. \$200,000,000 Hydro-Québec

Floating Rate Notes, Series FY, Due July 2002

murest Period

21st July 1987 21st January 1988

Interest Amount per U.S.\$10,000 Note due 21st January 1988

Credit Suisse First Boston Limited Agent Bank

U.S.\$401.09

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Dollar bond prices slip as dealing volume slows

*I SUPPOSE prices are 1/2 point easier for choice but I haven't written a ticket all day," said one dealer in Eurodollar bonds yes-

terday. Market makers are taking seriously the relaxation by the Asso-ciation of International Bond Dealers, the Eurobond secondary market body, which means they do not have to make prices to each other for the two-week Christmas and New Year period. Dealing was at a low ebb last week but has now ground to a

One salesman said yesterday the determination of market makers to shut down early for Christmas had been unfortunate for Eurobond investors. It meant they had missed out on the benefits of the recent rally in US Treasury bonds.

Any investor buying Eurodol-lar bonds in size last week would have had great difficulty liqui-dating his holding this week, he

where changed, Eurodollar bond prices were marked slightly easier to maintain yield relation-ships with US Treasury bonds, which trended lower in response

Skandia takes

By Oil Virtanou in Heleinki

insurance stake

SKANDIA, Sweden's largest

advantages of proposed changes in bank capital requirements which would allow subordinated fixed term bonds as primary capi-The change is included in new guidelines issued by the Bank for International Settlements earlier this

BARCLAYS has issued a

\$400m 30-year bond in the US domestic market, taking

month, and is expected to be recognised by the Bank of England. of England.

The 10½ per cent bond, issued by Barclays North American Capital Corporation, was priced at 99,253 to give a 10.57 per cent yield. This was 157 basia points higher than that on the 30-year US Treasury bond at the time of pricing in New York on Monday.

Barclays has the opportanity to borrow a further \$400m in the US domestic bond market over the next two years under a shelf registration filed last month. In November, the bank

In November, the bank raised \$250m in the Euros-

points, although some rose by nearly ½ point. A few dealers reported quite strong turnover but others said the market was subdued overall.

The Bundesbank announced a short, 13-day repurchase agreement at a rate of 3% per cent. Dealers expect the Bundesbank to replace most of the DM7.8bn it is draining from the market this

ernment bond are due to be announced next Tuesday. It is expected to be a DM4bn 10-year bond with a coupon of 6% per

In the D-Mark Eurobonds In the D-Mark Eurobonds prices rose by about 20 basis points amid a little buying interest from investors. A 6% per cent 10-year issue for the World Bank was fixed at 100.05, against a 99% issue price.

Turnover in the Swiss france for the bank was fixed at 100.05. foreign bond market continued active. Prices ended the day nar-

rowly mixed. rowly mixed.
As expected, Wirtschafts-und
Privatbank announced a
SFr100m 10-year 4% per cent
bond for Bayerische Vereinsbank Overseas Finance. It was

which trended lower in response to a higher oil price.

Euroyen bonds were also becalmed, although dealers noted higher-yielding Japanese government bonds were meeting strong demand from domestic Japanese Investors.

Swhen activity picks up in the New Year, dealers are expecting investors to extend maturities slightly to take advantage of the steepening yield curve.

They have bought mainly

In November, the bank raised S250m in the Enrostid in the grey market at less 1% to its 100% issue price, and was said to be meeting good demand considering the time of year.

A SFr200m 4% per cent 10-year bond for Prudential Finance, guaranteed by the UK insurance company and with a triple-A rating, traded for the first time. The par-priced bond opened at 99% but its last trade on the Zurich stock exchange was at 99%.

Moody's threatens to lower Elf debt rating

SKANDIA, Sweden's largest insurance group, is to acquire a minority share in Pohjola, Finland's biggest insurer, reciprocating Pohjola's newly acquired 10 per cent holding in Skandia.

According to Mr Pentti Talonen, Pohjola chairman, the shares will probably be sold by Suomi-Salama, a fully owned Pohjola subsidiary which owns 26 per cent of the group's shares. Pohjola and Kansallis-Osake-Pankki (KOP), one of Finland's two leading banks, bought a total of 15.8 per cent of Skandia MOODY'S, the US credit rating have to give the bid by Sanofi, in assency, has threatened to down-which it owns 60 per cent. MOODY'S, the US credit rating agency, has threatened to downgrade its evaluation of the French oil company Elf Aquidabout the guarantees Sanofitaine as a result of the bid by Sanofi, Elf's pharmaceuticals \$2.48bn trust fund Robins must subsidiary, for the bankrupt US subsidiary, for the bankrupt US over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the legal claims over its Dalkon Shield contracaporate of the sanofit set up to meet the sa drugs company A.H.Robins. over its Dall
The US agency said it had tive device
placed Elf's A1 debt rating as Details of
well as the Prime-1 rating on its be submitted.

placed Eif's Al debt rating as Details of the bid, which will well as the Prime-1 rating on its commercial paper programms under review for a possible downgrade. It wants to look closely at the backing Eif will two not yet been revealed.

FT INTERNATIONAL BOND SERVICE

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Hanny may

by 10%

financial institutions is deepening amid reports that Manufacturers Hanover, the country's sixth largest bank, is planning to fire nearly 10 per cent of its imployees.
Although the bank holding company declined to comment officially, execu-tives in Manny Hanny and

Manny

cut staff

tives in Manny Hanny and its competitors said Mr John McGillicuddy, the company's chairman, has ordered management to identify 2,500 jobs which would be cut by March. It has already laid off 2,900 employees over the past year.

Banks are trying to cut their overheads to bolster their sagging profits in the wake of declining loan wake of declining loan demand, huge write-offs of Third World debts and an inneartain economic outlook following the October's stock market crash.

Manny Hampy reported a \$1.16bn loss for the first nine months of this year, reflecting a \$1.7bn increase in loan-loss reserves for Brazilian debts. Efforts to innear the helence shoot

improve its balance sheet improve its balance sheet so far this year have included a \$276m share issue and the recovery of \$55m from its pension fund. Some of the optimism the bank expressed during the autumn about a pick-up in earnings next year appears to have faded in recent months.

Major banks in New York and other cities which have recently announced staff cuts include Chase Manhatcuts include Chase Manhattan, Chemical, First Inter-state and Mellon. Citicorp is planning a modest trim-ming of 1,000 from its 100,000 strong workforce but analysts are expecting it will make deeper cuts

Wall Street firms have been at the forefront of lay-offs in the financial sec-tor, with more than 10,000 cuts announced since the market crash. Analysts are market crash. Analysis are expecting some banks to drop marginally profitable lines of business and also an accelerating trend towards banks charging for services such as automated teller machines which have traditionally been free.

Dome heads for C\$2.5bn exploration

AMOCO CANADA Petreleum has made commit-ments to the Federal gov-ernment in return for approval of its C\$5.5bn (\$4.23bn) takeover of Dome Petroleum.

Petroleum.

The bid has yet to be approved by certain classes of Dome bondholders and shareholders, but is moving steadily towards comple-tion early next year. The proceeds would pay off Dome creditors and shareholders and then the two companies would be

invest at least C\$2.5bn in expanded exploration and development in western Canada over the next five years and it would make a start on selling a minimum of 20 per cent of the voting equity to the Canadian public. No dividends would be paid for this period.

The new company would invest at least C8100m in research and development in Canada within the five years and absorb most of Dome's employees ensuring virtually no lay-offs, Amoco Canada said.

Ruhrkohle output and sales decline By Our Financial Staff

RUHRKOHLE, West Ger-many's largest coal pro-ducer, said sales and producer, said sales and pro-duction fell again in 1987 due to the prevailing unfa-vourable conditions in the energy industry.

Coal and coke sales fell by a provisional 3m tonnes to 52m tonnes, with lower coke sales accounting for three-quarters of the total sales drop. Production declined by 5m tonnes to just under 53m tonnes. Ruhrkohle earlier this year reported a parent net loss of DM220m (\$134.9m) in 1986 compared with a profit of DM286m in 1985. Yesterday's statement made no mention of the profit trend for 1987. Sales to German power stations - obliged to buy mainly domestic coal under long-standing agreements between the government and industry - fell by 700,000 tonnes to 26.8m tonnes but remained within agreed limits, the company industry fell by 1.3m tonne

to 17.0m tennes

NY admits three primary dealers

THREE NEW brokerage houses one US, one British and one Japanese - were yesterday admitted to the US Treasury bond market to operate as primary dealers, bringing the total of market

bringing the total of market makers to 43.

The three new primary dealerships have been awarded to CRT Government Securities, a subsidiary of Chicago Research and Trading Group, Lloyds Government Securities, the securities trading arm of Lloyds Bank and Nikko Securities International, a subsidiary of Nikko Securities of Tolym.

bonds, the first casualty of Japanese bank. The two compa-highly-competitive conditions in nies involved are believed to be the gilt-edged market after the Greenwich Capital Markets and

Meanwhile, Brophy, Gestal, Knight & Co, an existing USowned primary dealer, yesterday announced it had reached an agreement in principle for Japan's Sanwa Bank to take a substantial majority stake in the company. The take-over would become effective sometime early next year subject to the norma regulatory approval. Financial terms for the deal were not dis-

Tokyo. The Federal Bank of New York Earlier this year, Lloyds Bank yesterday said another US-decided to pull out of market- owned primary dealer was nego-making in UK Government tiating to be taken over by a The Federal Bank of New York

mary dealer in government securities on January 6, following its month.

merger with Shearson Lehman Mr Corrigan said the increased which is also a primary dealer, international character of the

sions to increased access for US houses to the Tokyo Stock in mind.

deregulation of the market in the Long-Term Credit Bank of Exchange and the Japanese bond October, 1986.

the Long-Term Credit Bank of Exchange and the Japanese bond market. He, also cited progress Japan.

The New York Fed also towards an internationally conannounced yesterday E F Hutton sistent approach for bank capital would formally cease being a pristandards, reflected in an inter-

> The admittance of three new primary dealer group reflected the growing importance of international investor capital finer national investor capital finer in the market. In an apparent attempt to justify the Fed's approach against criticms in sections as members, including six US houses. it would admit 16 foreign institutions as members, including aix
> tions as members, including aix
> us for Gerald Corrigan, President
> of the New York Fed, yesterday
> specifically linked its latest decisions to increased access for US

Worlds of Wonder files Canada to ease trust for Chapter 11 help and loan sector rules

financially-troubled California toy maker, has filed for protec-tion from its creditors under Chapter 11 of the US bankruptcy

code.
The filing will enable the company to continue operating its business while it tries to work out a reorganisation plan accept-able to suppliers and other credi-

The once high-flying toy company, which boasted the fastest two year growth of any US manufacturing start-up, has been under mounting pressure from creditor and shareholder suits since it announced heavy losses for the quarter ending Septem-

ber 30. Only a year ago, WOW was

fastest-growing toy company in the US with first-year sales of the US with first-year sales of \$93.1m. The company went public 16 months ago at \$18, and its stock price reached a high of \$29 in June 1986. Yesterday, however, WOW was trading at \$%.

The company's problems began earlier this year when sales of its best known toy, Teddy Ruxpin, a talking teddy bear, slumped: Earlier this month, the company helped to establish a creditors committee and laid of almost half of its 400

and laid of almost half of its 400 workers. Creditors Include Hong Kong toy manufacturers and US semi-

conductor suppliers. The Chapter 11 filing lists assets of \$313.6m and liabilities of \$312m.

THE CANADIAN Government has pressed on with its reform of C\$25m (US\$19.1m), meanwhile, financial services industry regulations by releasing draft legislacommercial loans with no portlocation declared to commercial loans with the commerc tion designed to grant broader powers to domestic trust and oan companies.

The bill is the first of a series.

of new measures governing banks, insurance companies and consumer credit associations which are to be presented in draft form in coming months. Under the proposals, trust and loan companies will be accorded the right to own (and be owned by) other financial institutions, including banks, insurance com-panies and investment dealers.

Those with capital in excess of lio limit. Currently, trust and loan companies in Canada must keep their total consumer and commercial loans to 7 per cent of

Trust and loan companies will also be permitted to sell the products of other financial instibranch networks.

In a bid to avoid potential conflict of interest problems posed by the ownership of trust compa-nies by commercial institutions In addition, they will be and to protect consumers, the accorded full consumer lending Government has imposed variand to protect consumers, the

Republic of Venezuela plans large issues

plans to launch a series of inter-national bond issues over the next year or so totalling 'several hundred million dollars' accord-ing to a government official. The Venezuelan government expects to place the first issue-for \$100m - on the Eurodollar market early heart years Amarks

for \$100m on the Eurodollar market early next year. Agents for the placement will be Morgan Guaranty and Banco de Venezuela, a private sector commercial bank based in Caracas. The Eurodollar bond issue will be followed by other issues in D-Marks and dollars, the official said.

Venezuela has not raised money through an international bond issue for several years. The current government planned to

REPUBLIC OF VENEZUELA launch a \$100m issue in 1986, plans to launch a series of international bond issues over the next year or so totalling several hundred million dollars according to a government official.

The Venezuelan government official according to reports, and the temperature of the first issue of the firs

Venezuela, which suffered a general restriction on overseas credits after a major devaluation of its currency in early 1983, has begun to obtain substantial new

leans to obtain substantial new leans this year from interna-tional financial institutions.

A Finance Ministry official said that the Government con-tracted \$805m in new credits from overseas during 1987, mainly in the form of financing for projects such as the Caracas

by government export guaran-tees - are providing large sums for expansions of Venezuelan aluminum and steel plant.

The Venezuelan government has played down suggestions small amount of its debt through that it was planning to buy part an intermediary, the price "went of its \$25.5bn in foreign debt.

A Finance Ministry official, deel unattractive.

Metro, aluminium, steel and hydroelectric power. New credits coming mainly from Japan and Europe, rather than from the US, Venezuela's traditional source of oversess loan.

Japan's Export-Import Bank recently approved \$360m in credits for projects in hydroelectric power and bauxite mining while banks in western Europe. By government export guarantees - are providing large sums for expansions of Venezuelan albuminum and steel plant.

However, the official said when the Government tried recently to obtain a relatively

Paris, 21st December 1987

Dear Shareholder,

You hold one or more of Pechiney's non-voting preference shares (Certificats d'Investissement Privilégiés-CIP), purchased at the time of issue or more recently on the Stock Exchange, because you believed, quite rightly, that our Company offered growth prospects and was in a position to improve its earnings.

We know at present that consolidated net profit for 1987 will be between FF 600 million and FF 800 m, i.e up strongly on 1986 (FF 88 m, disregarding extraordinary provisions). We can further assert that, as a result of the restructurings undertaken and the increases in selling prices or sales volumes for our mainline products, this improvement in earnings should continue, at least during the first half of 1988. The men and women at Pechiney are working day after day to lessen our vulnerability to the hefty swings in exchange rates and build for the longer-term future. This good performance makes it possible to envisage a higher return on your shares (CIP's), on which the yield, calculated on the guaranteed dividend plus tax credit, is already better than 7 %.

The recovery we are in the process of bringing about, strong aluminium prices and the expansion of our new activities have been welcomed by the stock market and the CIP quotation rose by 80 % from January to October of this year. The worldwide slump on the stock markets has had the effect of virtually wiping out this increase, the CIP price having fallen from FF 352 to FF 207 and now standing at just above what it was at the beginning of the

Part of our CIP's were issued with a negotiable subscription warrant attached, giving the holder the right to subscribe for a fresh CIP at a price of FF 260 by 31st December 1987 at

At the beginning of October, everything seemed to suggest that this subscription would be effected under conditions beneficial to the holders of warrants and that Pechinev would obtain an inflow of shareholders' funds to pursue the reduction in its debt ratio and finance its development. This prospect has now been brought into question, for reasons quite unconnected with the progress of our Group, and we appreciate the very great disappointment some of you have expressed.

In order to free ourselves from the instability of the money markets we are experiencing at this year's end, we gave thought to a number of alternatives, including the extension of the period of validity of the warrants to a date beyond 31st December 1987. Unfortunately, on consulting our sponsoring authorities and the French Stock Exchange Committee (Commission des Opérations de Bourse), it transpired that these various possibilities were ruled out on legal grounds.

The Press has recently echoed the possibility of a fresh issue by Pechiney in the money market. It is true that we did contemplate this, in the interests of the Group and with a concern to reserve preferential conditions for shareholders who had stayed loyal. We have shelved this idea for the time being, preferring, before approaching the authorities for permission, to wait until the climate in the money markets is more conducive to the success of such an operation.

We have confidence in Pechiney, we ask you also to keep your faith in the Company. We are determined to prove that you are right to do so.

Yours very sincerely,

Jean GANDOIS Chairman and Chief Executive Officer David Fishlock commemorates the 40th birthday of transistors, the most pervasive invention since the wheel

FOUR DECADES ago today, on December 23, 1947, three scientists on Murray Hill south of New York first demonstrated the "transistor effect", so named because it transferred a signal across an electrical resis-

The transistor is probably the most pervasive invention since the wheel; an indispensable part of all aspects of life, at least in the developed world. The ubiquitous chip, the minuscule engine driven by the transistor, has created an industry with sales forecast at-\$32bn this year.

The trio's employer, Bell Telephone Laboratories - then as now one of the world's great centres of engineering physics - knew full well what an important invention the transistor would prove to be. For it had set out in pursuit of the technology, knowing it was coming up against limits on reliability with the vacuum tube (thermionic valve), the basis of all electronics in those

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days. Bell Labs was was expert in the large, complex systems, from POTS, the plain old telephone system, to submarine detection and the embryonic electronic computer. All depended on the vacuum tube amplifier and Bell was aware that reliability of this amplifier would eventually limit the power of all such systems simply because at any one time too many valves would have

The rest of the world was slower to catch on to the significance of the "solid state" as the transistor became known. Despite publicity efforts which included a man-size model of a transistor, the world largely ignored the invention initially. At the labs, now renamed AT&T Bell Laboratories but still headquartered on Murray Hill, they joke wryly about how even the New York Times buried the story in a few brief sentences at the back of the

Like Lee de Forest's triode (1909), the transistor is a valve which controls the flow of electrons. In principle, the transistor had clear advantages. It was a solid-state effect, needing no vacuum and



Left to right: William Shockley, Waiter Brattain and John Bardeen, in 1948, shortly effect they invented the transistor

strated the transistor effect in a highly refined crystal of germanium, a gem-like "semicon-ductor" with properties midway between metals and insulators.

It was a fortuitous observation, for it began with a slight accident as Brattain prepared his experiment. As a result he altered conditions slightly and was astonished to find the current flowing the wrong way.

Very quickly his two collaborators were able to explain what was happening. In today's parlance, Brattain had contrived accidentally to inject "holes" into his germanium crystal - and hence to draw a flow of electrons (current) out.

It took the trio just days to make an amplifier and by December 23 they staged their first telephone demonstration of the transistor effect. Next day Brattain wrote in his lab notebook: "The circuit was actually spoken over and by switching the device in and out a distinct gain in speech level

tain and William Shockley, set by Bell Labs to find an alternative to the triode, demonstrate the crystal — severely hamening exhaustively characterised pered development of the transcription of the

AT&T's manufacturing arm, got the transistor into production, and another year before the company began to use it in telephony.

Outside of communications, transistors first appeared in hearing aids in 1983 because AT&T granted Raytheon a roy-alty-free licence for this biomedical use. But the transistor hearing aids were three or four times as costly. The transistor itself cost \$9 - eight times the going rate for a valve.

The first transistor radio, the Regency, appeared in 1954, product of a joint venture between Texas Instruments and the IDEA Corporation. Commercially it was a failure - costing in today's money over \$200.

Slowly the electronics industry learned the characteristics. of germanium, and the importance not only of purity but crystal perfection. Then silicon appeared to be less trouble-some, and scientists set about ing, indeed no discrete parts.

Everything happened inside a chip of crystal.

John Bardeen, Walter Brattain and William Shockley, set by Bell Labs to find an alterne.

Labs to find an alterne.

Louis ve neard and seen on the characterising this much more advantages – for example, that silicon would be a poor componies for some electrical remarkable invention.

Today silicon towers over all promise for some electrical remarkable invention.

Three degrees above zero, by Jeremy Bernstein. Scrib.

The companies that then by Jeremy Bernstein. Scrib.

Dummer foresaw layers of insulating conducting rectify-ing and amplifying materials, and electrical functions interconnected directly "by cutting out areas of the various lay-

Seven years later Jack Kilby of Texas Instruments secured a

In 1952, a British defence scientist, Geoffrey Dummer, with some brain cells retrieve infor-the (then) Royal Radar Estab-lishment, in an address in Bell Labs has also made a Washington speculated on transistor only a millionth of making entire electronic circuits from semiconducting crystals: With the advent of transistor trio? All three the transistor and the work in remained in research. They

semiconductors generally, it now seems possible to envisage electronic equipment in a solid block with no connecting in 1967, and died in October of

US patent on such a monolithic circuit, made of silicon. The world's first silicon chip -"Solid Circuit", the company called it - made its debut in New York early in 1959. "It wasn't a sensation", Kilby recalled later. Its critics fore-

dominated the business for discrete electronic components — ** The chip, by T.R.Reid, Westinghouse Electric and Syl-Simon and Schuster, 1984 crete electronic components -

WATCHING ignore the silicon chip, leaving

vania, for instance - tended to

the field for upstarts such as Texas Instruments and Fair-

child. These entrepreneurs

developed the novel multi-dis-

ciplinary manufacturing tech-

nologies needed to mass-pro-duce micro-electronics

Bell Labs, however, contin-

ged to build upon its seminal

invention. One assessment

after the first 30 years gave its scientists credit for 12 of the 18

milestones in micro electronics,

They included the avalanche diode (1964), magnetic bubble memories (1967), charge-coupled devices (1969), and semi-conductor lasers (1970).

In 1978, Bell Labs claimed its

selectively-doped hetero-struc-

ture transistors set a world

record by switching on and off

in 5.8 pico-seconds (a pico-sec-ond is 0.001 billionth of a sec-

Only last year it announce

shared the Nobel Prize for

physics in 1956. Brattain, after 38 years with Bell Labs, retired

British-born Shockley set up his own transistor research lab-

oratory in 1965, and later

became engrossed in more sociological studies as a Stan-

ford University professor.

John Bardeen became the

only scientist ever to win two Nobel prizes in the same field

of science when he won a sec-

ond physics prize in 1972 for his theory of superconductiv-

Under company rules, all three had assigned their tran-

sistor patents to AT&T for \$1 apiece. In 1956, under an anti-

this year, aged 85.

ond).

Edited by Geoffrey Charlish

Heating elements go into print

A CHEAPER method of A CHEAPER method of producing heating elements for industrial or consumer products, by printing them on a heat-resistant, paper-thin plastic sheet, has been developed by Neatfast of Henley-on-Thames in the IK.

two more major inventions. One is its photonic switching The product uses un elecchip, which may become the trically conducting ink which is screen printed on to polyester film, allowing operation up to 100 deg C. The ink can be used to 150 key component of an optical computer, switching light on and off as easily as a transistor switches electrons. The other is the "neural network", a silicon deg C on a more heat resischip which mimics the way tant substrate. Elements from postage

stamp to wall poster size are feasible and can be designed to give tempera-ture rises from a few

degrees C upwards. There are no shape limita-tions and heaters can be designed with varying track widths to give more heat in specific areas. The tracks are broad giving good heat dissipation and any damage they sustain is unlikely to break the circuit.

Plumbers quickly make the connection

JOHN GUEST of West Drayton, near London, has devel-oped pipe fittings that allow plumbing connections to be made "in seconds," and

without tools. The pipes are simply pushed into each side of a special connecting collet (gripping ring) for a secure, leak-proof connection to be

made immediately.

Disconnection of a pipe in just as easily made by push-ing the inner member of the collet inwards and pulling

Toshiba focuses on Western conferences

TOSHIBA, the Japanese electronics group is set to attack the videoconference equipment market in the West with a new codec (coder-decoder) and officestudio camera and display

The company claims that its new DT640 codec offers the widest range of digital transmission rates available, from 32,000 bits per second to 1.5 megabits (millions of bits) per second.

Thus, the codec can make the most of available digital telecommunication lines, using the low speeds where picture quality is not vital and the highest speeds when it is.

Codecs are devices which can remove "redundant" information from any of the 50 TV frames which are generated each second by a camers.

For example, any still object appearing in two con-secutive frames would be ignored in the second, so that the bits needed to define it need not be sent again.

This reduces the bit rate. but at lower rates these techniques tend to "smear" movement. They also take time to perform, so that sound/vision synchronisation can suffer - a problem which Toshiba has overcome in the new codec by delaying the audio to match the video.

Dowly screens direct facsimiles

PACSIMILE TRANSMIS-SIONS can be made straight out of an IBM personal com-puter (XT/AT or compatible machine) into a telephone line, using a circuit board and software addition to the computer offered by **Dowty Information Systems** in the UK.

Called Microfax, the package will allow text and graphics to be sent without the need to print them and scan them in a conventional facsimile machine.

The Dowty development means that any material generated on the computer, from spread-sheets to word processing, can be sent immediately to any group

three fax machine. Conversely, material can be received and incorpo-rated directly into the task at hand on the PC.



istel holds key to worldwide databank

NEARLY 1,000 databases around the world can be easily interrogated using a new on-line information service called Infosearch. This has been launched by latel, the UK data network specialist of Redditch.

Many kinds of screen and keyboard hardware can be used, suitably equipped with phone line communica-

tions facilities.

The start-up fee is \$100 per user, and each gets the necessary manual and initial help on systems operation. After that, the cost is \$10 per successful access.

The Infosearch system software takes care of all the command languages that the user would normally need to know in order to interrogate any specific

Philips has its eye on document storage

PHILIPS OF The Netherlands has fired a shot at Kodak, Agfa and other companies with microfilm interests, by offering its optical disc document storage system in a basic form at only \$69,000.

Companies that must keep replicas of original documents, instead of putting them on microfilm can scan them electronically and put the digital facsimile on to a

Megadoc optical disc. Any document can then be retrieved in a second or two. The alternative, with microfilm, is computeraided retrieval (CAR),

which is somewhat slower. The new Megadoc system includes a document scanner, an image printer and an optical disc drive with associated computer. All but the printer will fit on or under an office desk.

Also provided is software to index and cross reference stored material.

CONTACTS: Nearing: UK, 04H1 881918. John Guest: UK, 0405 4412251. Tushiba: Tokya, 457 2104. Dowly-UK, 0895 22109. Inforcard: UK, 1527 04274. Philips Business Valence UK, 0206 5751 16.



Bond takes 7% stake in M & G

ment. Bond currently holds
5.16m shares, or 6.82 per cent.
M&G, said Mr Linaker, had not been in touch with Mr Bond over the holding. But I would suggest that the same of the holding. But I would suggest that the same of the holding. But I would suggest that the same of the holding. But I would suggest that we are widely-known to be

pursuing the indentity of some nominee names. Last Thursday, it was announced that Ensign Trust, an aggressive trust controlled by the Merchant Navy Officers Pension Fund, had sold

Bond Corporation, the Australian company headed by Mr Alan Bond, yesterday emerged as the holder of a near 7 per cent stake in M & G Group, Britain's stake in M & G Group, Britain's largest unit trust company.

Yesterday, Bond's London office issued a firm "no comment" on the stake. However, Mr Paddy Linaker, M & G's managing director, said that he regarded the Australian Interest as "a shrewd long-term investment". Bond currently holds

fiercely independent and wish to pust over four per cent of M & G sequity at 230p — 44p above the previous day's closing price the previous day's closin

Leisuretime sale proposal defeated

DIRECTORS of Leisuretime hands at yesterday's extraordi-International were yesterday nary general meeting. The com-planning a rear-guard action pany agreed earlier this month after shareholders voted to block to sell Worldwide for 511m to

after shareholders voted to block to sell Worldwide for Sllm to the planned disposal of the company's Worldwide Dryers subsidiary.

The revolt was led by Braithwaite Group, the engineering company which owns 14.3 per cent of Leisuretime, Mr Andrew to speak for 52 per cent of shareholders which would be pressing for the charabolders which the shareholders which the The revolt was led by Braithwaite Group, the engineering
company which owns 14.3 per
cent of Leisuretime. Mr Andrew
Fitton, Braithwaite chairman,
said he would be pressing for
management changes at Leisuretime.

The disposal of Worldwide,
which rents warm-air hand dryers, was defeated on a show of waite Group, the engineering company which owns 14.3 per cent of Leisuretime. Mr Andrew Fitton, Braithwaite chairman,

terday's meeting.
Late yesterday, Leisuretime
was considering possible courses
of action with its advisers at
County NatWest.

Mr Fitton described a usu reLeisuretime as a last resort.
Braithwaite had built up its
stake only because of Worldwide,
which Leisuretime had regarded
as its rows business as recently as It was studying proposals put as its core business as recently as forward by Braithwaite about July. Before the BET was the strategy needed to improve announced Leisuretime had con-

Allied-Lyons

By Lies Wood

sees growth at Hiram Walker

Hiram Walker, the Canadi

Amal Financial

on profit-taking

Amalgamated Financial

Investments, investment com-pany, was boosted by profits taken on investments in the

IOM Enterprises

Substantial growth was shown by Isle of Man Baterprises in the year ended November I 1987, and it is raising its dividend by

2p to 6.5p. Net turnover surged from

A. Commercial property

D. Industrial investments

F. Plant and machinery

E. Retail property

G. Vehicles

H. Fine art

representative.

B. Residential property and land

C. Agricultural land and farms

rises to £1.3m

Pericom tumbles to £610,000

Pericon, the USM-quoted com- enabled the US manufacturers to divisions. Boffin Computer Main-

"Obviously we are disappointed with the results," said Mr Grage, chairman. "It is so frustrating to feel that we are doing the right things but see the bottom fall out of prices."

In the past year Pericon has labour savings, and Singapore has favourable trading relations all its manufactured products, some by as much as 50 per cent, to follow the lead of its main competitors, based in the US. The weakening of the dollar

General Electric Capital Corporation (formerly known as General Electric

Credit Corporation) (a New York Corporation) affiliate of General Electric

Company, U.S.A.

General Electric Capital Corporation. (the "Company") announces that its board of directors has authorized the parchase by the Company from time to time of outstanding publicly-issued medium and long-term notes of the Company and of its wholly-owned subsidiary, General Electric Credit International N.V. ("GECI N.V."). Such notes of GECI N.V. are. aranteed by the Company. Certain ues of such notes are listed on the New York, American, London or Luxembourg stock exchanges. Purchases are expected to be made at prevailing prices, on the relevant exchange (if listed), in the over-thecounter market or in negotiated transactions, through one or more brokers or dealers or directly by the Company, subject in all cases to market conditions.

Holders are invited to contact Kidder, Peabody & Co. Incorporated, New York City (Edward Jewitt, 212-510-3984) or Kidder, Peabody Securities, Limited, London (Lawrence Vanlint, 01-480-8021) in ect of proposed sales of such notes to the company.

General Electric Capital Corporation December 23, 1987

Pericom, the USM-quoted computer graphics terminals manufacturer, yesterday unveiled pretax profits slashed by two thirds to \$610,000 for the 12 months to \$254,000, all dollar related. In an attempt to alleviate US exchange rate difficulties, and reduce production costs, Pericom established a manufacturing subsidiary in Singapore in May this year. Earnings per duction costs, Pericom established a manufacturing subsidiary in Singapore in May this year. It will come fully on stream during 1988.

"To manufacture offshore is frustrating to feel that we are doing the right things but see the bottom fall out of prices."

In the past year Pericon has

Dee critical of banks role in unwanted bid

document.

In a statement, Mr Alec Monk, Dee's chairman and chief executive, said: "The total expenses of \$68m and the very high lending margins involved leave me in no doubt that it is Citicorp and the other banks who are in the driving seat in this deal and stand to gain the greatest profits at the expense of shareholders in both companies."

Dee Corporation, the grocery bulk of that debt by the disposal group currently on the receiving of Dee's non-Gatsway and superend of £2bn bid from the much store interests.

smaller sweets and supermarket company Barker & Dobson, yesterday criticised details of the takeover revealed in the offer document.

In a statement, Mr Alec Monk, months and 30 months from the months and 30 months from the months and 30 months from the statement was and chief execution. months and 30 months from the date when the bid goes unconditional and 36 months from the date of the loan agreement respectively. The banks enjoy a film fee on the signing of the loan agreement and \$35m if the bid goes unconditional.

Yesterday the Dec board also reiterated its view that the offer B & D is financing the £1.25bn is "hopelessly inadequate in cash portion of its offer by loans value and quality." Shares in Dee from a seven-strong syndicate of eased 5p to 219p and Barker banks and expects to repay the dropped 1p to 158p.

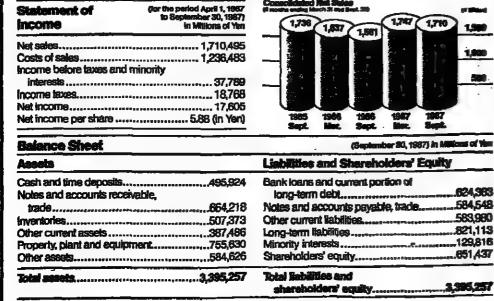
Cosalt plans share buy-in

Coselt, Grimsby-based chan-diery-to-caravans group, is to join the growing number of com-panies seeking shareholders' approval for a share buy-in plan. it intends to take powers to such purchase.

DIVIDENDS ANNOUNCED

Dividends shown pence per altare net except where otherwise stated. "Equivalent after allowing for scrip issue. *On capital increased by rights and/or acquisition issues. §USM stock. •Unquoted stock. •Third market.

CONSOLIDATED SEMI-ARRUAL REPORT



In Touch with Tomorrow TOSHIBA

Evered raises stake in Henderson

Evered Roldings yester-day increased its stake in Henderson Group, indus-trial doors and security products company, by 8.5 products company, by 8.5 per cent to 22.8 per cent. The industrial holding company bought 1.5m Henderson shares through Robert Fleming in a market raid at prices up to 320p.

Everod, headed by the Abdullah brothers, also raised \$30m cash from the sale of some of its subsidiary companies and prop-

raised \$30m cash from the sale of some of its subsidiary companies and property disposals, including some acquired earlier this year when it took over London & Northern.

The group has also arranged a syndicated \$75m revolving credit facility, borrowings to be charged at 0.2 per cent shove the LIBOR rate. The money is to be used to restructure existing borrowings.

The company declined to comment on the timing of these disposals, but said: "We had already planned to clean up the London & Northern situation."

It also declined to say whether the company was considering a full bid for Henderson. Evered bonght 14.3 per cent of Henderson's shares in October.

Following a shump in 1986 and 1987, Hendersons' performance is thought to be improving. The company is expected to report pre-tax profits of \$6.4m this year, against \$4.4m in 1986.

Since the taleocome of London & Northern, Evered has concentrated on developing the acquisition's core businesses of quarrying and industrial and building products.

As part of yesterday's dis-

Biram Walker, the Canadian-based spirits business, should make a further positive contribution to Allied-Lyans' earnings per share in the second part of the financial year, Sir Derrick Holden-Brown, chairman of Allied Lyons said yesterday.

Sir Derrick was speaking at an extraordinary meeting of Allied-Lyons at which approval was given to acquire the remaining 49 per cent of Hiram Walker which Allied does not already own. products.
As part of yesterday's disposals, Evered agreed terms for a management buy-out of Beliant, Services for \$6.1m each. It also agreed to sell its 75 per cent interest in Blackwell, earthmoving employed for \$1.5m. est in Blackwell, earthmoving contractor, for £1.5m cash to Premier Line and Stone. Forth Electrical Services in buying Claud Hamilton, Aberdeen electrical contractor, for £145,000. Evered has also completed London & Northern's withdrawal from healthcare with the disposal of medical suppliers Umedeo (Far East) and of United Realth Systems. own.

In the six months ended August 31, 1987 Hiram Walker's pre-tax profit, after interest on its own debt and excluding an extraordinary profit, was \$57.6m. After deducting the cost of financing the acquisition, tax-ation and minority interests the net benefit to Allied shareholders, before extraordinary profits, was \$13.7m.

Systems.
Contracts have been exchanged with Saville Gordon for the purchase of industrial and commercial properties, most of which came from London & North-

MIM increases Drayton holding

summer and early autumn and reported interim pre-tax profits up from £299,000 to £1.38m. Sarnings per 1p share were 4.78p against 1.27p.

Turnover for the six months to September 30 was down at £62,000 (£109,000) but bank interest received was higher at Drayton Japan, the MIM-man-aged investment trust which New Jersey-based share-holder AJS Partners is attempting to pressurise into discount-elimanating moves, announced yesterday that MIM-Britannia has acquired a further 853,000 ordinary shares in the trust. This takes its ordinary stake to just over for aboves or 22 55 near cost of £62,000 (£109,000) but bank interest received was higher at \$77,000 (£3,300) and profits on sale of investments came out at £1.25m, against £810,000.

The directors said that although there had been a fall in unrealised gains since the end of the period the overall change in the net asset wature had been small since the autouncement of the rights issue on July 21. Nav at that date was 24.7p compared with 24.2p at November 27.

COMPANY NEWS IN BRIEF

acquired three outlets in Glou-cestershire, Staffordshire and

Tantus Microsystems, specialist in real-time data entry and deal capture systems used by the financial services industry. In the year to end-December 1986, Tantus achieved taxable profits of £100,000 on a turnover of £556,000.

\$543,000 to \$2.5m and pre-tax profit from \$115,000 to \$303,000.

Auctions

A number of areas will be covered including:

For editorial synopsis or any further details on

advertising rates please contact Emma Cox on 01-248-5115 or your usual Financial Times

Financial Times Europea Business Newsp

has UNITED SPRING & STEEL Glou-GROUP :The offer to acquire and Ratcliffe Industries has been Somerset for a cash total of accepted in respect or 0,100,000.

\$593,000, excluding stocks, ordinary shares representing 76.13 of the issued ordinary capable of the insued ordinary capable. to the asset ordinary capital. The offer has become unconditional and remains open for acceptance until further notice. The name of USSG will shortly be changhed to United Industries.

GRAND CENTRAL INVEST-MENT Holdings has sold an introestment property, a free-hold office building at Bexleyheath, Kent to Queenswayt Mar-keting for £1.5m cash.

keting for £1.5m cash.
FERGUSON INDUSTRIAL.
Holdings has sold its whollybowned subsidiary, British Trimmings (Holdings) to the manage,
ment together with a consortium
led by County Natwest Ventures
and including 3i in Liverpool for
an effective consideration of

KIO increases stake in BP to more than 17%

of the Kuwain ministry of Finance, yesterday increased its stake in British Petroleum to a little more than 17 per cent and gave no indication that it was about to curtail its buying.

The KIO increased its stake through another raid on BP's

newly-issued partly-paid stock. This saw a recorded volume of

THE KUWAIT INVESTMENT cent stake in Britain's biggest below 30 per cent, at which it of the Kuwaiti Ministry of day the KiO was believed to be would be compelled to bid.

Although the size of the KiO's stake in Britain's biggest would be compelled to bid.

Although the size of the KiO's stake in Britain's biggest would be compelled to bid. the partly-haid shares, represent-ing 17.67 per cent of BP's total issued equity.

The KIO has refused to set any public limit on the level at which it intends to stop buying

BP's shares. Its only statement has been that it sees the stock as a good long-term investment.

It is understood that the KIO has received no indications from the British Government, either the statement of th This saw a recorded volume of 180m shares, representing nearly a quarter of the volume done in all leading London stocks yesterally leading London stocks yester day. The figure compared with a volume of just 8.5m in BP's fully-paid stock.

On Monday it was announced that Kuwait had built a 16.06 per has ocen that it sees the stock as good long-term investment. It is understood that the KIO has received no indications from the British Government, either directly or indirectly, that its stake-building is unwelcome, and sees no reason for limiting its buying at any particular point

Although the size of the KIO's stake in BP is thought to be a source of concern to the Government, it is also a benefit in that it relieves the Bank of England of its obligation to buy back unwanted BP partly-paid stock at 70p a share until January 6.

The KiO has already acquired nearly half the 2.25n partly-paid shares in issue and has set an example to other institutional investors, some of whom are also thought to be buyers.

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See Lex and Stock Market Report - P25

Panel hears Britoil statements

Reitail's share price dropped National Oil Corporation. It 14p yesterday as the Takeover allows the Government to outperland heard submissions from the independent oil company the independent oil company and those from British Petroleum which wants to take it day believed to have raised its price.

The main issue before the stake in Britoil to 19 per cent from a previous 14.7 per cent, by purchases in the market.

Acco has said that it would consider bidding for Britoil if BP mounted a full bid, but it has not yet indicated whether it would be prepared to hid above BP's price.

The main issue before the panel is whether this prevents any company from mounting a whether the Government's rules. These say that a company would prevent BP from proceeding with a full offer for the before the panel is whether this prevents any company from mounting a rules. These say that a company would prevent BP from proceeding with a full offer for the before the affer any become would prevent BP from proceeding with a full offer for the before an offer can become shares at 450p.

The golden share was established in 1982 when the Governing mind, so the panel may waive ment privatised the old British it in this case.

BP's shares continued to be BP's shares continued to be bought by the Kuwait Investment Organisation, which raised its stake in the British company to 17 per cent compared with 16.06 per cent on Friday. KIO has been buying the partly paid shares issued by the Government, but the price remained steady at 71p. The Kuwaitis now own 1.01bn BP shares.

British Vita in £10m purchase

British Vita announced yesterday that it had signed agreements for the \$10.3m acquisition of Uniroyal Royalite from Uniroyal Plastics. British Vita is buying Royalite Plastics of Newbridge, Scotland, and Uniroyal Plastics of Milan.

The acquisition will take the Manchester company into the Italian market for the first time, according to Mr Rod Sellers, finance director. It will add to the company's European operations which currently

Pre-tax profits for Uniroyal Royalite in the year to December 81 are expected to be 51m after tax on sales of over \$15m. Analysts expect British Vita to report

account for two-thirds of the pre-tax profits of \$28.3m for the group's total.

group's total.

Unirpyal Royalite is a leading European manufacturer of rigid and flexible engineering thermoplastic sheeting. This includes specialist polymers used in a range of products for the transportation, luggage, electronics and recreational industries.

Pre-tax profits for Universal

one of the largest polymer pro-cessing companies in the UK.

The initial consideration will be \$9.55m on completion on December 31 with the balance payable in instalments over the following twelve months.

Tomkins gets Fluid Control sale clearance By Flone Thompson -

PH Tomkins, the industrial holding group, has received clearance from the New Zealand authorities to sell its 50 per cent stake in Fluid Control, the New Zealand valve company, to McKechnie, the UK plastics and consumer goods company.

McKechnie is paying NZ\$35.71m (\$12.6m) for Fluid Control. Because of forward cover, Tomkins will receive \$13.25m in cash.

Tomkins has been awaiting permission from the NZ Government for several months. This brings Tomkins' net cash its ordinary stake to just over and investments up to approximately \$50m," said Mr Greg that class.

Lloyds' retail chain will now encompass 303 stores. ALPHAMERIC is to purchase

REF GROUP: In respect of the

The company owns holiday accommodation, commercial property and garages.

Extraings per 20p share worked through at 18.35p (9.09p) after tax \$41,000 (\$1,000).

Munton Brothers falls sharply into the red

Mainton Brothers, Belfast acquisitions. Several potential based clothing designer and targets had been identified or manufacturer, plunged into the approached, but it is unlikely red with a nectar loss of \$3.77m that the first acquisition will be for the fifteen month period to September 30, compared with a profit of \$111,000 for the year to

June 30 1986.
The loss is as forecast when details of the capital reconstruc-

completed before the second quarter of 1988. Efforts were now being directed to improving fac-tory efficiencies and to further improving margins. The contin-uing strength of the company's order book and margins, com-bined with the results of ration-alisation, should result in a profit for the current year.

details of the capital reconstruction scheme were announced in May and is stated after charging \$1.23m of exceptional items arising from the business rationalisation programme (exceptional charges took £102,000 during the previous period).

Turnover was £13.47m against annual meeting that the integration of the year. There was no tex (credit of £51,000) and the loss per 10p ordinary was \$8.44p (earnings of 34.15p).

The directors, having rationalled the core business, were now actively considering expanding the group through strategic Sweden.

CONSOLIDATED **GOLD FIELDS**

Any party who was a lessee of plant or equipment from Consolidated Gold Fields plc during the period 1980 to 1983 is invited to contact:

Box H2929, Financial Times, 10 Cannon Street, London, EC4P 4BY

The Financial Times proposes to publish this survey on the 29th January 1988. Petrocom

Petrocorp Overseas Finance Limited

(the "Company") ed with liceted intolly in the Cayman Islands)

NOTICE to the holders of the outstanding ECU 75,000,000 9 per cent. Guaranteed Bonds Due 1993 of the Company

NOTICE IS HEREBY GIVEN to the holders of the above Bonds that, at the Meeting of such holders convened by the Notice published in the Financial Times and the Linternburger Wort on 17th November, 1987 and held on Friday, 11th December, 1987, the Extraordinary Resolution set out in November, 1987 and held on Friday, TITH December, 1967, and Extraorderary Resolution set out in auch Notice was duly passed. Accordingly, Condition 11(viii) of the Bonds has been deleted with effect from such date and a right has been conferred on Bondholders optionally to redeem their Bonds on 28th November, 1988. In addition, the lesuer has been given by the proposally to redeem all the outstanding Bonds if in consequence of prior redemptions or purchases and cancellations ECU 7,500,000 or less in principal amount of the Bonds remains outstanding.

Dated 23rd December, 1967

This Notice is given by Petroleum Corporation of New Zealand Limited

Granada bid for ER gets go-ahead

THE \$250M BID by Granada, TV and leisure group, for rival television rental chain, Elec-tronic Bentals, is not to be referred to the Monopolies Com-

The Secretary of State for Trade and Industry made the announcement yesterday, convinced the Office of Fair Monopolies lears had surrounded Trading. If the two segments are the bid because Granada has more than 20 per cent of the TV and video rental market, and Electronic Rentals about 15 per

However there is already one dominant player in the market, Thorn-EMI, with 40 per cent.

Moreover, Granada has consistent of the company was very pleased about the decision, although not entirely suprised. tently argued that it is increas-ingly difficult to separate the rental and retail markets, an

argument which appears to have Trading. If the two segments are considered together, the share taken by a combined Granada/ Electronic Rentals group would be less than 20 per cent.

Yesterday, Mr Derek Lewis,

although not entirely suprised.
"It was nice to know definitely before Christmas. "It could have been a last minute thing."

which is now recommended by the Electronic Bentals board, is December 30. Although it could be extended, Granada hopes to have settled the purchase by

"Clearly, that is well within reach," said Mr Lewis. "It's a nice Christmas present ahead of Christmas." Granada owns 149 per cent and Philips, Dutch elec-tronics group, with a 21.8 per cent holding, has pledged irrevocably to accept.

Granada was the first UK company to launch a takeover bid after. Black Monday. Yesterday, its shares rose 4p to 303p while Electronic Rentals gained 13p to 87p.

Expamet

in £5.5m

security

expansion

Expanset International, supplier of components and services to the industrial, building and

Cambrian & General plans to eliminate its borrowings

Some disposals of Cambrian's holdings in stripped US Treasury bonds will be required to repay the borrowings, according to Mr David Holson, who last year succeeded Mr Boesky, the convicted US insider trader as chairman

Cambrian & General Securities, the former IJK investment vehicle of Mr Ivan Boesky, is to eliminate its borrowings by redeeming \$50m (\$27.3m) in secured floating rate notes next month.

Some disposals of Cambrian's holdings in stripped US Treasury bonds will be required to repay the borrowings, according to Mr cles of association.

Mr Hobson said net asset val-US insider trader, as chairman. ues had fallen again in November to ber as the result of the dollar's the US \$50m in notes due in 1992 consider Cambrian continued its review tinues Cambrian's shift to a policy of not hedging because a status.

ues for capital shares were 163p, 190p and 283p. All figures were subject to revision, Mr Hobson stressed, because of Cambrian's contingent exposure to legal action in the US and the Inland Revenue's

Worthington

triples profits

A J Worthington (Hold-

ings), manufacturer of textile

products, almost tripled pre-tax profits from \$48,000 to \$142,000

on turnover up from \$1.76m to \$2.14m for the half year to Sep-

The company made profits of \$111,000 (\$23,000 loss) for the

statement is the announcement of the acquisition of imp industrial and Municipal Pollution for an initial \$300,000 in shares.

River Plate Trust

River Plate & General

Investment Trust net asset value per capital share amounted

value per capital share amounted to 170.1p on October 31 1987
Earnings per deferred share rose to 9.54p for the 10 months to October 31 against 9.24p for the previous 12 months. A second interim of 6.5p is declared making 9p for the 10 months (9p). Net revenue was \$1.51m (\$1.46m).

T

BANCO ESPIRITO SANTO E COMERCIAL DE LISBOA

to £142,000

tember 30 1987.

to the industriat, building and security markets, yesterday added another company to its security division with the acqui-sition of the privately-owned review of its investment trust

Silion of the privately-owned Cash & Security Equipment for \$5.48m in cash and shares. Cash & Security makes coin, and note handling equipment and supplies camera surveillance equipment, mainly to banks and building societies.

The company made process. The company made pre-tax profits of \$724,000 in the year to last March and had not assets of 13.18m at its year end. Mr Mal-colm White, the vendor, has war-ranted that pre-tax profits for the period from April to Decem-ber 1987 will be at least \$625,000.

Expanse is paying an initial \$5.18m, of which about \$480,000 is in each and the rest in ordinary shares. The remaining \$300,000 will become payable in

Spectrum cuts loss

year to end March.
Half year earnings per 10p share were lifted to 23p (0.8p).
The directors said they would consider recommending at the annual meeting a return to the dividend list in the current firancial year. — the last dividend was paid in October 1982.
Both the group's operating Spectrum Group cut its loss from \$1.05m to \$477,000. in the year ended June 30 1987. great ended June 20 1987.

Gross margins improved considerably because of the increased proportion of ownbrand product sold, selling, distribution and administration costs were reduced, and interest charge out following a subsets. Both the group's operating companies enjoyed a successful half year with increased turn-over and profit. Order books charges cut following a substautial reduction in borrowings.

Exchange the directors have deferred the planned listing.

Batleys turnover

Turnover of Batheys, Yorkshire-based cash and carry wholesaler.

rose from 5112.23m to \$122.11m

last and not from \$112,226 to £122,108 as reported in yester day's Financial Times.

PENINSULAR AND ORIEN-

TAL Steam Navigation yester-day listed its deferred stock on the Tokyo Stock Exchange.

Bad weather and higher

interest hits Wistech

Chessminster buys

Chessminster Group, the shares of which were suspended on the Vancouver Stock Exchange and under Rule 555.4a shares recommenced on the Vancouver Backens in September, has exchange in September, has exchange on the Farr Group, a UK construction company; for \$2.8m in cash and shares.

Chessminster is also calling on shareholders for \$6.1m net via a rights issue of 17.5m common shares, \$4.46m of which have been underwritten or comminted, on the basis of one new share at

BOARD MEETINGS

Platon moves into loss

Platon International, USM- record high, and he was optimis-

and halves its interim

THE RESIDENCE

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3-3

TR Trustees assets setback TR Trustees Corporation months dropped from \$2.38m to reported net asset value per 25p share share down to 114.6p at November 30, 1987, compared with 150.4p six months earlier Net revenue for the six months dropped from \$2.38m to reported net asset value per 25p share were 1.03p (1.33p) and the interim dividend 1p (0.95p) - a final not less than 1.25p has been forecast.

European Economic Community

NOTICE IS HEREBY GIVEN that, pursuant to the terms and conditions of the Bonds, Citibenk, N.A. as Principal Paying Agent, has selected by lot for redemption on February 1, 1988 £10,000,000 principal amount of said Notes, at the redemption price of 100% of the principal amount thereof. Notes selected by lot for redemption are as follows:

-Outstanding Notes bearing serial numbers ending in any of the ring two digits:

08 12 15 23 25 33 41 44 45 50 86 71 76 80 90 92 93 94

Payment will be made upon surrender of Boods together with all coupons maturing after the date fixed for redemption, at the offices of the Paying Agents as shown on the Bonds. Coupons maturing on February. 1, 1988 should be detected and presented for payment in the usual manner. On and after February 1, 1988 interest on the Bonds will cease to accrue and unmatured coupons will become yold."

Outstanding efter February 1, 1988 230,000,000

December 22; 1987 ; By: Citibank, N.A. (CSSI Dept.) London, Principal Paying Agent

CITIBANCO

SAVINGS ASSOCIATION

U.S. \$250,000,000

Collateralized Floating Rate Notes due 1991

For the six month period 21st December, 1987 to 21st June, 1988 the Notes will carry an Interest Rate of 81/6% per annum with an interest amount of U.S. \$4,289.06 per U.S. \$100,000 Note and U.S. \$10,722.66 per U.S. \$250,000, Note payable on 21st June, 1988.

Bankers Trust Company, London

The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe

¥10,000,000,000

Floating Rate Notes due 1994 (the "Notes")

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from 23rd December, 1987 to 23rd June, 1988 being the first Interest Payment Date (as defined in the terms and conditions), the Notes will carry an Interest Rate of 5.15% per armum. Interest payable on 23rd June, 1988 will amount to ¥258,205 per ¥10,000,000 Note:

Agent-Bank The Long-Term Credit Bank of Japan, Limited Tokyo

Shares in Chase

Property halted on bid talks

By Heather Fernebrough

SHARES IN Chase Property Holdings shares were suspended yesterday at 255p as the company announced that talks were taking place which might lead to an offer for the com-

hany. Chase was formerly Chase was formerly holding and Investment Trust, which was taken over last year by Wingste Property Investments. As a result, the New Zoaland based Chase Corporation has 60 per cent of the shares.

However, the New Zeal-and company is heavily geared, leading to market apeculation that it might want to sell its holding fol-lowing the fall in stock mar-kets.

reports that it was consider-ing a bid for Chase.

Vickers disposal

Maxiprint rights

Maxiprint, USM-quoted maker of colour photo-graphic enlargement 28p oz a 1-for-10 basis.

Proceeds will be used for the marketing and produc-tion of the new fully auto-mated daylight enlarger.

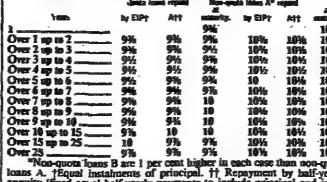
Hogg Robinson

Hogg Robinson, travel, transport, financial and property services group, has conditionally agreed to acquire Dunphys Residen-tial, a London-based estate

The purchase, for an approximate sum of \$750,000, is to satisfied by \$225,000 cash with the balance made up of 277,775 new Hogg Robinson ordinary flux and the satisfied by the satisfied by the satisfied satisfied by the satisfied satisfied by the satisfied satisfied by the satisfied sa nary shares. Dunphys will complement Hogg Robin-son's existing estate starty chain in the south of



Public Works Loan Board rates



Acsis Jewellery purchases recruitment group for £5.9m

Inoved in.

It is acquiring Taylor Portfolio, a specialist recruitment, hotel consultancy and sales promotion group, for £5.93m. This will be satisfied by the issue of 7.57m new Acsis shares, valued at 75p, plus £250,000 cash.

The issue will give the the

Trafalgar House yester-day refused to comment on

Chase Property's asset value is estimated at approximately 270p a share, which values the company at a possible \$225m in the event of a bid. None of the directors were available for comment yesterday after-

Wace continues to expand

Wace Group, the rapidly expanding pre-press services group, has completed its eighth acquisition of the year. Wace is buying London-based Mayday Reproduction for an initial consideration of \$2.50m.

A further performance-related payment, with an upper limit of \$1.35m, will be made if Mayday's pre-tax profit for 1988 exceeds \$400,000.

Like Wace, Mayday provides a comprehensive pre-press service. In 1986, the company made a pre-tax profit of \$410,229 on \$4.6m

Wistack, cleaning, maintenance and waste materials handling of the cyclical nature of the sevices, reported a \$50,000 down-turn to \$402,000 in pre-tax profits for the year to September, although turnover improved from \$3.31m to \$11.3m. Responsibility for the setback is attributed to the severe winter weather but there was also a \$592,000 increase to \$259,000 in interest charges.

Coupled with the preliminary statement is the announcement of the acquisition for lindustrial and Municipal Poliution for an initial \$300,000 in shares.

systems, proposes to raise \$260,000 net through a rights issue of 1m shares at

The issue has been under written by new institutional investors, who will also be purchasing additional

England and, following the opening of a new branch in Tolworth next month, will increase its network to the faithal target of 190 outlets.

Acsis Jewellery, the USMquoted company and one of the
summer's highest-flying shell siruations, yesterday announced its
unitors, yesterday announced its
first deal since South African
businessman Mr Darryl Phillips

David Sewell and Mr David

Coubrough. The interest of
windstorm, the British Virgin
services to the consumer goods
industry. Mr Sewell and Mr
Coubrough will be joining the
businessman Mr Darryl Phillips

Terryed in

Islands company controlled by Mr Phillips, will reduce to 26.1 per cent. The vendors of Taylor have guaranteed not to sell any shares for at least one year.

Taylor takes in three trading companies. Taylor & Partners, set up in 1982 by David Sewell, which is involved in the recruitat 75p, plus \$250,000 cash.

The issue will give the the vendors just over 30 per cent of the enlarged company, with 22.8 the enlarged company, with 22.8 hands of Taylor's founders, Mr

The Business Development Part-

year and offers sales promotion services to the consumer goods industry. Mr Sewell and Mr Coubrough will be joining the Acsis board.

In 1986, Taylor made \$47,000 profit before tax on sales of \$608,000. For 1987, the vendors are warranting profits of not less

are warranting profits of not less than \$500,000. Yesterday, Mr Phillips said the acquisition had been under consideration ahead of the stockmarket collapse, and added that Acsis hoped to complete a couple of other deals in the marketing services area in early 1988. Acsis

dyer and finisher, for a total of \$520,000 satisfied by the issue of \$60,000 shares and the balance

GRAINGER TRUST has bought Atlantic Metropolitan (UK), holding company for a group of property companies, from Hall-wood Group for \$2.5m cash.

ern Computing (NI), which in the year to the end of October 1987 reported sales of \$664,000, from Northern Bank.

COMPANY NEWS IN BRIEF

cardiff Property: Final dividend 1.3p (1.25) making 1.9p (1.85p) for year to September 30. Turnover down from £186,480 to £144,036 and pre-tax profit from £33,328 to £31,334. Tax took £15,311 (£15,436) leaving earnings per share at 0.8p (0.9p). ELECTRIC & GENERAL Investment: Net asset value at November 30 was 87.7p (106.7p a year earlier). Earnings per share 1.09p (0.83p adjusted) for the six months. Revenue before tax i £1.38m (£1.08m). Tax £389,000 (£331,000). Interim dividend 0.5p (0.42p adjusted) and directors expect final to be at least maintained. eration of \$800,000 in shares. The agreement provides for a further consideration of up to \$400,000 conditional upon the CARDIFF PROPERTY: Final achievement of specified profit targets in each of the two years ending July 31 1988 and 1989, DANA EXPLORATION, the

AEROSPACE ENGINEERING has acquired Precis (643), a com-pany specialising in the design, manufacture and servicing of linear accelerators. Consideration, payable to the vendor Viri-tech, will depend entirely on Precis' future profit performance and will amount to one half of profits made in the next two

years. INTEREUROPE TECHNOL-OGY Services has acquired Lynx International, a technical recruitment agency, for an initial consideration of \$520,000 to be satisfied by the issue of 200,000 new ordinary shares. A further payment of up to 60,000 shares will be issued on a performance-related basis over the next two

years. ERSKINE HOUSE GROUP has acquired On Line Communica-tions for a maximum \$450,000 cash, the maximum payment being achieved if the pre-tax profit of the company for the 18 months to March 31 1989 reaches \$225,000. The first payment is

McKECHNIE has acquired an 80 per cent interest in Plastic Container Corporation of Illinois. The initial cash consideration is \$3m (£1.63m) with a deferred cash consideration of up to in virani Group and also a material interest in Zelva Anstalt, which holds 3.86 per cent of the shares. The Water Authorities Superannuation Fund has bought another 750,000 shares, taking its stake to 5.15 per cent.

ALEXANDER PROUD-FOOTThe offer to shareholders of the company of 45,021,089 new ordinary shares at 200p per \$1.5m payable on a pre-tax profit for 1987 of \$790,000.

BANEO INDUSTRIES has exchanged conditional contracts for the purchase of H Pickering & Son (Engineers) for a total consideration of \$1.8m, of which for the purchase of H Pickering & Son (Engineers) for a total consideration of £1.8m, of which \$1.65m is payable in cash and the balance in Banro shares.

BBA GEOUP, which is acting in concert with United Spring and Steel for the purposes of the offer by USSG for Ratcliffs Industries, purchased 507,000 USSG shares at 60p a share on December 17. After this purchase, the total holding of BBA in the ordinary of USSG amounts to 2.9m shares (16.6 per loss of the company of 45,021,089 deducting borrowings of \$441,000.

WATERGLADE GROUP has contracted to purchase a 135 taken up in respect of 36,908,810 year remaining leasehold interest in Walnuts Shopping Centre remaining 18 per cent was placed at a premium in the market of the material floor space is 108,000 on 10 placed at a premium in the market of the material floor space is 108,000 on 10 placed at a premium in the market of the material floor space is 108,000 on 10 placed at a premium in the market of the material floor space is 108,000 on 10 placed at a premium in the market of the material floor space is 108,000 on 10 placed at a premium in the market of the material floor space is 108,000 on 10 placed at a premium in the market of the material floor space is 108,000 on 10 placed at a premium in the market of the material floor space is 108,000 on 10 placed at a premium in the market of the material floor space is 108,000 on 10 placed at a premium in the market of the material floor space is 108,000 on 10 placed at a premium in the market of the material floor space is 108,000 on 10 placed at a premium in the market in the market of the material floor space is 108,000 on 10 placed at a premium in the market in the market of the material floor space is 108,000 on 10 placed at a premium in the market in the market of the market o December 17. After this purchase, the total holding of BBA in the ordinary of USSG amounts to 29m shares (16.6 per

cent). BARRY WEILMILLER Interna-

precious metal prospecting company half-owned by Europa Minerals, says it has postponed a planned London listing until \$972,000 after paying interest to stock market conditions improve. Meanwhile, it has raised more than \$200,000 via a private placing at 40p a share through London stockbrokers Williams de Broe.

VIRANI GROUP has bought a further 5m shares in Control precious metal prospecting com-pany half-owned by Europa Min-erals, says it has postponed a planned London listing until further 5m shares in Control Securities, lifting its holding to 28.7m shares, or 12.3 per cent. Mr Nazmu Virani, chairman of Control, has a beneficial interest

Control Securities.

in Virani Group and also a mate-

7.214 shares. A total of \$5,050 had therefore been returned to these holders on the basis of the rights offer price of 70p a share.

G F LOVELL (confectionery maker) incurred loss \$82,000 (SSR 000) was added to \$200.000 had to \$200.000 had to \$200.000 had \$200.000 maker) incurred loss \$82,000 (\$89,000)year ended October 3 1987 before tax credit \$28,000 (\$31,000). Poor summer meant sales fell nearly 3 per cent to \$1.75m. Factory at Cwmbran closed. Benefits of moving and other reorganisation should come though in second half.

STRATA INVESTMENTS saw earnings fell to 0.75m (19n) in

earnings fall to 0.75p (1.9p) in the year ended October 31 1987. Dividend 0.55p (1.6p included special 1.1p). Gross income \$490,000 (£830,000) including dividends £401,000 (£236,000) and short term interest £46,000 (£301,000). Net asset value 130.1p (136.4p).

THOMSON T-LINE has acquired Aztec Cables, a cable distributor based in Bristol and Southampton, for a nominal con-

Southampton, for a nominal consideration. Azter's sales in the year ended September 30, 1987 were £2.1m and at that date net deducting borrowings of

Properety Pension (Holdings) has agreed to sell to Mr and Mrs Charles Wall the freehoold part of its investment property, The Futurist Centre at Scarborough. als and components for the insulation and automotive industries BARRY WEIGHTLER International is to acquire Trustpak Machinery for an initial consideration is buying F.H. Drabble & Sons, \$350,000 in cash.



The Dee Corporation PLC

NOTICE TO HOLDERS OF THE DEE CORPORATION PLC 5 PER CENT. CONVERTIBLE BONDS DUE 2002 (THE "BONDS")

In accordance with the requirements of the Trust Deed constituting the Bonds. The Dee Corporation PLC ("Dee") nereby gives notice to holders of the Bonds that an offer has been made by Kleinwort Benson Limited on behalf of Barker & Dobson Group p i.c. for the whole of the share capital of Dee not already owned by it The formal offer document states that the offer extends to Dee shares allotted, while the affer remains open for acceptance, on conversion of the Bonds; and that, to the extent that such conversion rights are not exercised, pursuant to the City Code on Take-overs and Mergers and subject to the after becoming unconditional in all respects, appropriate proposals will be made to holders of the Bonds.

Copies of all documents issued to Dee shareholders by the Board of Dee may be obtained from Lazard Brothers & Co., Limited, 21 Moortields, London, EC2P 2HT, Morgan Grenfell & Co. Limited, 72 London Wall, London EC2M 5NL, the Company's Registered Office, Silbury Court, 418 Silbury Boulevard, Milton Keynes, MK9 2NB

and the Paying Agent. . Z3RD DECEMBER 1987

The Directors of Das accept responsibility for the information contained in this notice. To the best of their knowledge and being (having taken all reasonable care to ensure that such is the case) the information companied in this natice is in accordance with the lacts and does not omit anything tikely to affect the import of such information.

Dispute adds to nickel problems

BY KENNETH GOODING, MINING CORRESPONDENT

Falconbridge said yesterday that a shipment of 1.8m lbs (about 817 tonnes) of ferronickel destined for European customers failed to leave the Dominican Republic last week between Falconbridge Dominican and the Republic's Finance Minister so far have failed to resolve the circumstances Falconbridge can declare force majeure (the that a shipment of 1.8m lbs (about 817 tonnes) of ferronickel destined for European customers failed to leave the Dominican Republic last week.

The dispute is bound to exacerbate the growing shortage of nickel which has pushed the price of the metal up by more that the Republic's Finance Minister so far have failed to resolve the circumstances Falconbridge can declare force majeure (the clause in a metal supply contract which allows the seller not to take delivery because of events beyond his control) but the com-

sumers have already been this year.

affected by a dispute between Falconbridge, the Canadlan mining group, and the Government of the Dominican Republic over export duties.

Last night the price of nickel for immediate delivery soared by another \$90 to \$4,595 a tonnecash premium over three months metal widened by \$28.50 to \$166.

unacceptable situation and it had no recourse but to suspend

metal trader, suggests that, fuelled by demand from the stainless steel producers who take more than half of production, western consumption of nickel this year will reach 610,000, a rise of nearly 8 per

shipped by the group which also sold 41,321 tonnes of refined

nickel in all forms.

In a special report, "Nickel on course for \$4 a lb", he estimates the market will be in deficit to the time of 40,000 tonnes com-

the time of 40,000 tonnes compared with a surplus of 15,000 tonnes at the end of last year.

The tightness will continue in the first half of 1988, with western demand at about 313,000 tonnes and supply about 300,000 tonnes — leaving a deficit of 13,000 tonnes.

Western mickel stocks have

13,000 tonnes.

Western nickel stocks have shrunk from 133,000 (about 12 weeks consumption) at the begining of this year to 93,000 tonnes (about eight weeks consumption). Mr Harris expects a further fall in stocks to 30,000 (about seven and a helf weeks) (about seven and a half weeks consumption) by the end of the first half of 1988. Another key factor for the

industry next year is that about half the labour contracts are up for renewal. Fear of strikes might see prices soar sharply, particularly because the unions could have more bargaining power in view of current high

Mr Harris says: "We foresee shortage of freely available nickel and a scramble is likely for the limited amount of mate-rial available.

Cocoa market rally continues

By David Blackwall

rickel in all forms.
Falconbridge Dominicana is continuing to produce ferronickel and is probably the only company in the world currently stockpiling the metal.
Mr John Harris, an analyst with Rudolf Wolff, the London metal trader suggests that COCOA PRICES continued to advance in London yesterday as speculators covered short posi-tions in the run-up to the

The second position futures contract on the London futures market added £12 a tonne to Monday's £11 gain, closing at \$1,086 a tonne. That was the si,000 a tonne. That was the highest price since the beginning of the month when the price reached £1,137 a tonne before nosediving after the failure of the International Cocoa Organisation (ICCO) to agree on measures to reactivate the price support mechanism.

Prices had gone even higher in Prices had gone even higher in the morning, but lost some ground on profit-taking in the afternoon, coupled with a retreat from early peaks in New York.

Market sentiment has been boosted over the past few days by the relative tightness of supply of good quality cocoa for physical delivery.

Lagos which could further hamper supplies.

There has also been talk in the market that the ICCO might meet in January to reconsider ducers in the state of Sao Paulo who have been lobbying for an terday an official of the organisation in London said the next meeting was scheduled to take place on Fabruary 29,

The unexpected decision is essentially a victory for the more efficient sugar and alcohol promotes in the state of Sao Paulo who have been lobbying for an end to the inept and expensive monopoly on exports enjoyed by the Institute for Alcohol and Sugar.

The unexpected decision is essentially a victory for the more efficient sugar and alcohol promotes in the state of Sao Paulo who have been lobbying for an end to the inept and expensive for alcohol and Sugar.

The unexpected decision is essentially a victory for the more efficient sugar and alcohol promotes a support proposals. But yes-

However, the Ivory Coast said yesterday that if Mr Edward Kouame, executive director of ICCO, were to convene an emergency meeting, it would be willing to attend.

The institute has long been dominated by north-eastern sugar and alcohol producers who have generally opposed the Government relinquishing control of exports.

Exactly how privatisation is to

Dole backs ethanol industry

MR ROBERT Dole, the Senate predominant ethanol feedstock, jobs, personal income and tax revenues in localities now under but other grains are used as well revenues in localities now under date for the Republican president. The report predicts increased the same however that some tial nomination, has urged that production efficiency in the ethanol become a cornerstone industry with processing innova-

The report – and Senator culture sector in terms of higher Dole's support – is likely to get prices for maize and other feed particular attention in Iowa grains, increased farm income

where the senator will challenge and savings on agricultural pro-Vice President George Bush in grammers which would more the first state caucus of the pres-

Doll

industry with processing innova-tions which will reduce the cost other oilseeds - may be hurt by ethanol become a "cornersone of US energy policy.

Embracing a recent report released by the US Agriculture Department's Energy Office, the Consistent and reliable public policy" on ethanol, specifically continuation of current federal continuation of current federal excise tax incentives.

Ethanol in the near term.

If production is encouraged which could result from encouragement to grow more maize. It through governmental policy, also cautioned Congress to watch the existing facilities are likely also cautioned Congress to watch the expand their capacity, and the conversions and construction are to be expected. "Ethanol granted to ethanol, will provide benefits to the agriculture sector in terms of higher in the current world oil market, and the current world oil market.

in the current world oil market, the ethanol industry needs to be assured that its products will continue to receive the support essential to remain commercially viable, the report concluded.

With federal incentives set to
expire in 1993, the necessary stathe first state caucus of the presidential nomination season.

According to the report US
fuel ethanol production has
grown from 20m gallons in 1979
to an estimated 850m gallons
the first state caucus of the presexcise tax exemptions costs for
ethanol, the report said.

Increased production would
also produce benefits for rural
to an estimated 850m gallons
committee the current restricts
wiable, the report concluded.

With federal incentives set to
expire in 1993, the necessary stability and consistency are currently lacking and discourage
further expansion.

Wheat crop

Brazil to privatise sugar export trade

by the relative tightness of supply of good quality cocoa for physical delivery.

Traders cite concern over the lateness of the West African crop, the fact that producer countries are not selling much cocoa, and the dock strike in Lagos which could further hamper supplies.

The BRAZILIAN Government work depends on regulations being worked out by the Ministry of Commerce and Industry. It is thought that trading compacts the concern over the lateness of the West African crop, the fact that producer countries are not selling much cocoa, and the dock strike in Lagos which could further hamper supplies.

The Magnetic African of the West African cooks are estimated to be contained to handle the expected sugar exports in 1988.

Government concerns centre on the inexperience of certain landling a great producers in handling a their own exports and often the concerns of the magnetic formed to handle the expected sugar exports in 1988.

Government concerns centre on the inexperience of certain landling a producers in handling a their own exports and often the ministry of Commerce and Industry. It is thought that trading compacts in 1988.

Government concerns centre on the inexperience of certain landling and the costs of carrying sugar exports in 1988.

The Magnetic African concerns centre on the inexperience of certain landling and the costs of carrying sugar exports in 1988.

ugar.
The institute has long been

ernment relinquishing control of encourage extensive domestic exports.

Exactly how privatisation is to lower world price for sugar.

record beaten again By Patrick Knight in See Paule

BRAZIL'S 1987 wheat harvest of 5.7m tonnes is its third record harvest in a row and confirms a harvest in a row and confirms a breakthrough in productivity to above 1.5 tonnes a hectare. In the 1970s and early 1980s harvest were nearer 2m than 3m tonnes and productivity was around one tonne per hectare. Low soya prices in 1984 encouraged farmers in Rio Grande do Sul and Parana to start taking on the inexperience of certain sugar producers in handling their own exports and cite the recent "ingenuous" decision, now cancelled, of bringing forward sugar exports slated for August to earlier in the year, as an example of a trade that still needs government guidance.

According to current Ministry thinking, the subsidy to exports, now running at \$34 a tonne, would be cut in half for the first harvest after privatisation and removed altogether for the sub-Sul and Parana to start taking wheat seriously. This year's pro-ductivity of 1.676 kilos per hect-are ensures that the 1987 harvest will be the same as last year's despite a lower support price resulting in il per cent less than last year's 3.9m hectares being planted.

Agronomists do not foresee Brazil's wheat harvest falling below 5.5m tonnes in future except in an exceptionally poor removed altogether for the sub-sequent harvest, in an effort to

Demand is also expected to remain at about the present 7m tonnes. This year 2.1m tonnes. will have been imported, 700,000 tonnes from Canada and the rest under a contract which envisages imports from Argentina rising from 1.3m tonnes to 2m tonnes by 1991.

tonnes by 1991.

The productivity breakthrough follows the introduction of Mexican varieties able to cope with the weather in Rio Grande do Sul and Parena, where it is usu-ally either too dry or too wet at critical times for the traditional varieties to do well.

sion. Foreign investors are subject to a 49 per cent tax on semings with no limit on profits remittances and a three year waiting period for capital repartiation.

Mr Lira denied that the regime planned to privatise Codelco's four mines, in spite of rumours four mines, in spite of rumours to that effect which occasionally circulate in political opposition of the seminary warieries to do well. Improved expertise has meant that in spite of support prices for wheat now being the equivalent of US\$185 a tonne compared with US\$280 in 1984 production has risen. Brazil has consumed about 7m tonnes of wheat this year, 200,000 tonnes less than in 1986 when a record subsidy meant that flour cost bakers and circulate in political opposition consomers only 25 per cent of its

Tin traders not discouraged

TWO MONTHS after its launch trading remains thin in the Kuala Lumpur Commodities Exchange's tin contract - but exchange officials say they are

not discouraged.

They point out that the contract – the only one of its kindwas launched just after the world's stock market crash, which had deterred speculators.

Daily turnover has been between 120 and 190 lots of one tonne, well below the 300 lots expected by the exchange, but open interest (the overlap of unmatched trades) has been increasing steadily, breaching the 1,000 mark late last month, regard the proposed reopening of and reaching 1,327 contracts yes-

The increase in the open positions is very encouraging. It shows there are people who are

WEEKLY **METALS**

All prices as supplied by Metal Bulletin (last week's prices in ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 2,10-2,50

BISMUTH: European free market, min 99.99 per cent, 8 per ib, tonne lots in warehouse 4.40-

ib, tonne lots in warehouse 4.40-4.60 (4.35-4.60).
CADMIUM: European free market, min 99.95 per cent, \$ per lb, in warehouse, ingots 3.05-3.13 (same), sticks 3.05-3.13 (same).
COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse 6.90-7.05 (6.70-6.95).
MERCURY: European free market, min 99.99 per cent, \$ per llask, in warehouse, 290-300 (280-295).

(280-295).

MOLYBDENUM: European free market, drummed molybdic oxide, \$ per ib Mo, in warehouse SELENIUM: European free market, min 99.5 per cent, 8 per Ib in warehouse, 9.10-9.35 (8.50-

TUNGSTEN ORE: European cent, \$ per tonne unit WOs, cif, 49-58 (48-58).

VANADIUM: European free market min 98 per cent V2Os, other sources, \$ per lb V2Os, cif URANIUM: Nuexco exchange value, \$ per lb U2Os, 16.65 THE STATE-controlled Malaysian Mining Corpora-tion must repay British mer-chant bank Eledswort Benson \$12.26m plus interest in a case involving a loam on tin, local lawyers said, reports Reuter from Kuala

A London High Court ruling on Monday in favour of the merchant bank can be enforced in Malaysia under

regard the proposed reopening of tin trading on the London Metal Exchange as a threat. The LME is seen as a complementary market that would widen interest, apart from opening up arbitrage arbitrage opportunities between the two markets.

An LME sub-committee is currently studying the feasibility of restarting tin trading, which was suspended following the collapse of the International Tin Countil on the Kuala Lumpur physical market yesterday, tin was traded at 16.99 ringgit a kg (equivalent to \$680 a tonne) up 3 cents, on turnover of 77 tonnes, up 22 tonnes. cit's price support operation late

CHILE, the world's largest producer and exporter of copper, stands to earn more than \$300m in additional export revenues

this year thanks to the surge in world copper prices to the high-est levels since 1980.

a reciprocal enforcement law between Malaysia and the UK, according to a cor-

The merchant bank won its claim for the non-payment of a loan given to MMC Metals, MMC's defunct subsidiary in Britain, which went into receivership at the time of the tin market collapse in October.

trading was resumed on the LME, the KLCE would probably increase its tin contract size from I tonne (set to attract specula-tive interest) to five tonnes to match that adopted previously by LME. Such a move would also reduce the cost of trading on the KLCE.

To encourage international participation the RLCE tin contract is denominated in US dol-

Latest figures from the Chilean Central Bank show that the country's January-October trade

Copper price surge gives Chile \$300m boost Mary Helen Spooner reports on surplus was 17 per cent down at \$208m, reflecting a 30 per cent increase in imports. The central bank is predicting that the increased copper revenues will bring the year-end trade surplus to about \$1bn - some \$50m lower than in 1986.

Thilean officials estimate that to produce copper at about 42 the regime stands to receive an central regime of the lower central

est levels since 1980.

General Augusto Pinochet's regime receives roughly 10 per cant of its fiscal revenues from Codelco, the state copper mining corporation, which also turns over to the Chilean military another 10 per cent "off the books" share of its earnings.

Officials had based this year's budget on an estimated average price of 70 cents a pound but the price surge of recent months has lifted the average to ground 80 cents a lb and each one cent increment in the annual average price earns Chile an extra \$30m increase in imports. The central than is predicting that the increase in imports. The central than is predicting that the increase of copper revenues will be increased copper revenues would be increased copper at about 42 cents per pound, one of the low-est costs in the world.

Codelco is investing about 5400m annually over the next five years to increase ore production and processing capacity in the face of declining ore grades. State—copper production chart than the annual average that a part of the additional experiments of this state of the contract of this state of the contract of the additional experiments of the contract of the additional experiments.

price earns Chile an extra \$30m tional copper revenues would be to \$32m in a full year.

It is unclear, however, whether stablisation fund as a hedge the price rise will have an appreauging a state of the Chilese. to \$32m in a full year.
It is unclear, however, whether the price rise will have an appreciable effect on the Chilean economy. GDP grew last year periods of low 5.7 per cent and is expected to show a similar incresse this year, but imports have been rising even faster.

The first eight months of this stable mining of the stress of 13,200 tonnes; Exxon Corporation copper the stable step in constant copper revenues would be year showed a decrease of 13,200 tonnes; Exxon Corporation mining from third most important copper the sto important copper the sto important copper the stable and to chile, behind Codelco's huge in Chile, behind

of fine copper, up from 190,000 tonnes in 1986.

Any dramatic increase in Chil-mus copper production will come from private mining invest-

The most important private producers are Mantos Blancos, inwhich the Anglo-American Corporation owns a majority

US MARKETS

The most important copper investment project, the La Escondida deposit, has been stalled as its managers continue to search for the \$1.2bn in financing needed to develop the sita. La Escondida, located 110 km southeast of Antofagasta, is 60 per cent owned by Utah International, a subsidiary of Australia's BHP; RTZ, which holds 30 per cent; and a Japanese consortium headed by Mitsubishi, which has a ten per cent share. If and when La Escondida becomes a working mine it could produce \$23,000 tonnes of fine copper a year, slong with smaller amounts of molyodenum, gold and silver. molyodenum, sold and allver. La Escondida's copper reserves have been estimated at 27.9m

of 22.2m tonnes.

Chile's mining code provides that the Government owns the resources but that the investors — whether Chilean or foreign — hold full concessionary rights. The holder of a mining or exploration concession is entitled to explore and exploit the deposits within the area of the concession. Foreign investors are sub-

CRUDE QE. (Light) 42,000 US galls \$/barrel

circulate in political opposition consumers only 25 per cent of its circles. The subsidy was slashed to

WINNERS

- Ofter

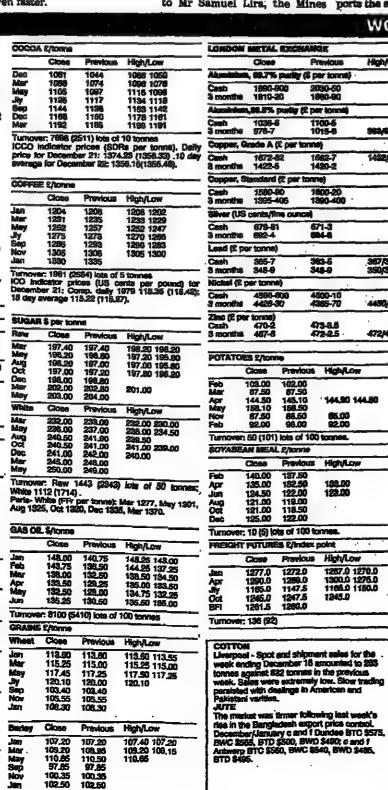
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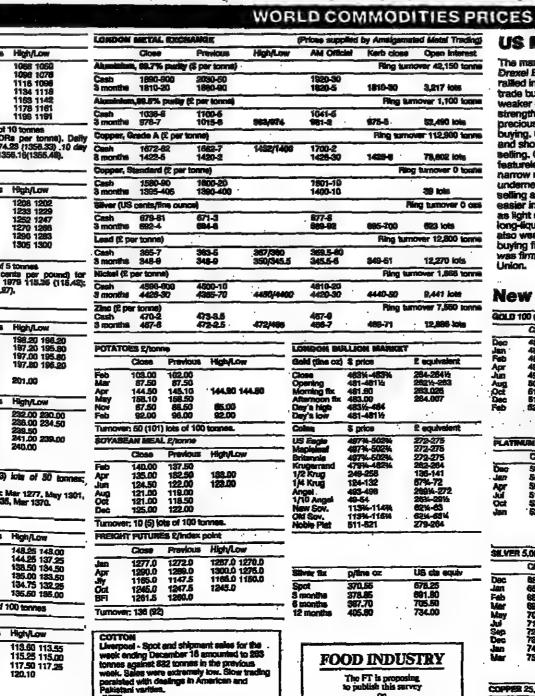
LONDON MARKETS

COPPER PRICES on the London Metal

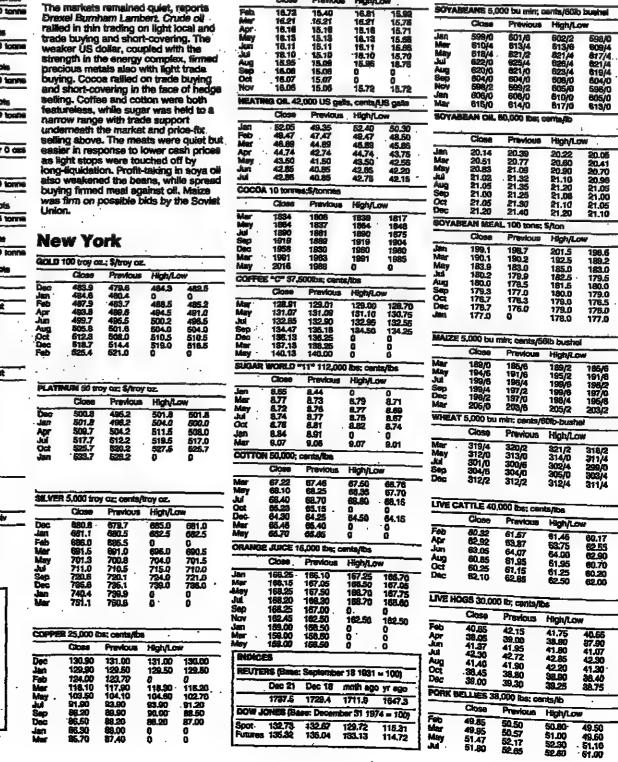
Exchange continue to be supported by the falling levels of warehouse stocks and the scarcity of quality metal. However, dealers believe that the market correction. The cash price rose to a new lil-time high of £1,700 a tonne in a tonne. Aluminium prices closed near the day's lows under light liquidation orders in a thin market, dealers said.
Freer offering of cash metal in morning trading found few takers, and downward pressure was exerted by Japanese selling and profit-taking. The premium for 99.5 per cent cash metal narrowed to 260.50 a tonne from 287 a tonne on

Monday, Meanwhile of	or a wine	On	مسل	1330	1335	
in what dealers descrit Traders seemed conta their books	bed as dull	trading.	Decemb	er 21; Co	584) lots of ces (US c map. delily 1 15.22 (115.2	enta per pou 1979 115,35 (1
SPOT MARKETS			Sthore			
Crude oil (per barrel FOB.		+ 07 -	Rate	\$ per ton		
Dubal Brent Bland	\$14.45-4.65 \$16.90-7.10	+0.925	Mar	Close	Previous	High/Low
W.T.I.(1 pm est)	\$16.45-6.55	+0.875	May	197,40 198,20	197,40 198,80	198.20 196.2 197.20 195.5
Oil products (NWE prompt	delivery per t	onne CIF) + or -	Aug	196 <u>.20</u> 197.00	197,00 197,20	197.00 195.6 197.80 196.5
Premium Gesoline	\$161-164	-2	Mar	198.00	198,80 202,80	201,00
Gas Off	\$150-152	+7	May	203.00	204.00	201,00
Heavy Fuel Oil Naphtha	76-77 138-141	+6 +7.5	White	Close	Previous	High/Low
Petroleum Argus Estimates			Mar	232,00	233.00	232.00 230.0
Other		+ Or -	May	236.00	237.00	238.00 234.5
Gold (per troy oz)#	\$463.50	+4.00	Oct	240.50 240.50	241,00 241,00	239.50 241.00 239.0
Silver (per troy 02)4	682c	+5	Dec	241.00	242.00	240.00
Platnum (per troy oz) Paliadium (per troy oz)	\$501.75 \$119.75	+3.50	Mar Mov	245.00 250.00	248.00 249.00	
Aluminium (free market)	\$2025	-25	Turnove	r: Flaw 1	443 (2943)	John of 50 i
Copper (US Producer) Lead (US Producer)	137%-140c 42c	+2.5	774 20 1	1 12 17/141		
Nickel (free market)	385c	+6	Aug 13	11400 (PHF) 5. Oct 130	087 1301(9); 30. Dec 153	Mar 1277, May 5, Mar 1370.
Tin (European free market)	23790	+10		-, - 40 100	-1 -49 199	n man 1910'
Tin (Kuals Lumpur market) Tin (New York)	16.99r 318.5c	+0.03	GAS OF	L \$/tonne		
Zinc (Euro. Prod. Price)	\$860			Close	Previous	High/Low
Zinc (US Prime Western)	44.375c		Jan	148.00	140,75	
Cattle (live weight)†	105.41p	-0.93°	Feb	143.75	138.50	148.25 148.0 144.25 137.2
Sheep (dead weight)† Pigs (live weight)†	194.19p	-6.20° -3.18°	Mar	138.00	132.50	138.50 134.5
	70.03p		Apr May	133.50 132.50	129.25 128.00	135.00 133.5
London daily sugar (raw) London daily sugar (white)	\$225,80v \$228,00v	-0.80 -3.50	Jun	135.25	130.50	134.75 132.2 135.60 135.0
Tate and Lyle export price	£230.50	-3.00	Turnove	r: 8100 (54	110) lots of	
Barley (English feed)	£111.50z	+0.50		£/mne		
Macze (US No. 3 yellow) Wheat (US Dark Northern)	£135.00 £94.50u	-0.60	Wheet	Close	Previous	High/Low
Rubber (spot)♥	62.25o	+0.25	Jan	113.60	113,60	113.60 113.5
Rubber (Feb) Y	64.250	-0.25	Mar	115.25	115.00	115.25 115.0
Rubber (Mar) 🛡	64,25p		May	117.45 120.10	117.25	117.50 117.2
Rubber (KIL RSS No 1 Jan)	272.50m		Jiy Sep	103,40	120.00 103.40	120.10
Coconut of (Philippines)§	\$576v		Nov	105.55	105.55	
Paim Qil (Malaysian)§ Copra (Philippines)§	\$485z \$375z	+5	Jan	108.30	108.30	
Sayabeans (US)	£161w	70	Barbara	Close	Providence .	Alleh fi e
Cotton "A" Index	75.40c	-0.55	Derley		Previous	High/Low
Noottops (64s Super)	484p		Jan Mar .	107,20 109,20	107.20 108.95	107.40 107.2 109.20 109.1
a tonne unless otherwise :	stated, p-pend	e/kg.	May	110.66	110.50	110.65
:-cents/ib. r-nnggit/kg. w-De :-Jan. y-Fab. u-Apr/May † N	oc/Jen. v-Jen/	reb.	Sepi	97.85	97.85	
:-Jen. y-reb. u-Apr/may † A verege fatstock prices. " ch			Nov	100,35 102,50	100,35 102,50	
go. 🖣 London physical med	ket. § CIF Ro	terdem	Jan			
i Bullion market člose. III-M ents/kg	alaysian/Sing	apore .	lots of 1	r: Wheat 1 00 tornes.	84 (2 5 4) , B	arley 259 (48)





Spot 370.56 678.25 S months 378.25 691.80 6 months 387.70 705.50 12 months 405.80 734.00 FOOD INDUSTRY The FT is proposing to publish this survey on Priday 12nd January 1988. For full details contact: MARK JONES on 01 248 8000 Eat 3365 FRANCIAL TIMES					
S months 378.85 691.80 6 months 387.70 705.89 12 months 405.80 734.00 FOOD INDUSTRY The FT is proposing to publish this survey on Priday 12nd January 1988. For full details contact: MARK JONES on 01 248 8000 Ent 3365 FINANCIAL TIMES	drip	US cta e	p/time oz	livity fix	Sile
The FT is proposing to publish this survey on Priday 2nd January 1988. For full details contact: MARK JONES on 01 248 8000 Eat 3365		691.80 705.50	378.85 387.70		8 m
On Priday 22nd January 1988. For full details contact: MARK JONES on 01 248 8000 Eu 3365		roposing	The FT is a	FC	
		ry 1988. Is contact: ONES	on Prid 22nd Janua For full detai MARK J		
EUROPE'S BUSINESS NEWSPAPA	3			EURO	



CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar drifts in quiet trading

counted and the absence of any show any improvement over towards squaring positions and real trading volume made it dif- Octobers's visible deficit of ficult to act on assessments, at \$882m.

The normal closed at DM9 0800.

least until the new year.

While it was possible to take a view, most speculators were and Y231.75 compared with reluctant to commit themselves Y232.0. Elsewhere it finished at one way or the other. The overall outlook for the dollar FFr10.0775 from FFr10.0875. remained extremely bearish but Against the dollar it rose to there were a few analysts who urged caution.

urged caution.

While the majority opinion suggested that the US administration would find it very difficult to introduce unpopular measures in the run up to next year's Presidential election, others suggested that the dollar, although probably destined for a further decline, was nearing its base level

crop

beaten.

31 C 84375

A CONTROL OF THE PARTY OF THE P

The choice was there to make but most operators took the mid-dle course, preferring to sit on the fence until the new year. The dollar fell to DM1.6285

The dollar feil to DM1.6285 from DM1.6340 and Y126.60 compared with Y127.00. Elsewhere it slipped to SFr1.3235 from SFr1.3285 and FFr5.5050 compared with FFr5.5225. On Bank of England figures, the dollar's exchange rate index fell from 93.4 to 93.2.

STERLING-Trading range against the dollar in 1987 is 1.8305 to 1.4710. November average 1.7770. Exchange rate index 75.6, unchanged from the opening and Monday night's close. The six months ago figure was 71.8,

Sterling showed little overall

E IN NEW YORK Previous

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES Dec. 22

MONEY MARKETS

Softer tone
INTEREST RATES had a slightly softer tone on the London money market yesterday; but trading was quiet in the run up to the end of year holiday period.

Three-month interbank was offered at 8%-8% p.c., compared with 9-8% p.c., with sentiment helped by sterling's rise against the dollar on the foreign exchanges.

3 at 8% p.c. and \$44m bank bills in band 4 at 8% p.c. In the afternoon the authorities purchased \$282m bills outright, by way of \$181m bank bills in band 3 at 8% p.c.; and \$82m bank bills in band 4 at 8% p.c. and \$4 p.c. Late assistance of \$335m was also provided.

UK clearing bank base lending rate 8½ per cent from December 4

The outlook for interest rates is nervous however, with many dealers fearing the next move in bank base rates is likely to be

unwards.
Today's UK trade figures for to a peak of 4.35 p.c. in the Movember are expected to show a slight worsening from the 3.825 p.c., compared with 3.30 October deficit of \$5882bn and a p.c. on Monday. Credit condicurrent account shortfall of tions remained tight, as funds formed out of the banking sys-\$282bn, but are unlikely to proflowed out of the banking sys-vide the catalyst for any base tem to meet tax requirements.

rate change.
The Bank of England forecast The Bundesbank helped a money market shortage of relieve the shortage with money, 5950m, and provided total help of 5888m.

In an early round of assistance, the authorities hought Caron renurches agreement tender for

the authorities bought \$210m bills, including \$100m outright, by way of band 4 bank bills at 8 a p.c. Another \$110m bills were purchased for resele to the said it will offer FFr10.5bn of market on January 11, at 8% fixed rate negotiable Treasurp.c. bills at the next tender on In further operations before December 28. The total includes

lunch the Bank of England bought \$61m bills bills outright, through \$17m bank bills in band week bills and FFr4bn 50-

THE DOLLAR failed to gain any strength from news that cuts in the US budget deficit had been bly due to uncertainty ahead of agreed by Congress. Much of the today's trade figures for November. These are not expected to clues, so there was a move counted and the absence of any improvement over towards squaring positions and awaited some statement from the G7 ministers. However many traders did not expect this to provide any fresh ber. These are not expected to clues, so there was a move towards squaring positions and awaiting developments in the

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.6220. November average 1.6809. Exchange rate index 151.3 against 146.4

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the

dollar was fixed at DM1.6305 from DM1.6303 on Monday.

Trading remained quiet and confined to a narrow range in the absence of any real turnover. News of further progress towards cutting the US budget deficit was well discounted and traders

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 126.20. November average 135.90. Exchange rate index 240.5 against 219.9 six months ago.

News of the US budget delicit cutting bill being agreed and hopes of some statement from the G7 nations failed to lift the dollar in Tokyo. Most traders had retreated to the sidelines and with growth projections for next year showing a glaring difference between the US and Japan, no one appeared to enthusiastic about the dollar's chances of sta-bilising. It finished at Y126.55 compared with Y126.60 in New York and Y126.66 in Tokyo on

Earlier in the day the dollar briefly topped Y127.0 but this encouraged further selling.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu (potra) rote;	Correcty brotunis ognicsi Ecu Dec.12	% change from central vate	% change adjusted for dispressing	Distrigence (lesit %
eigiae Franc anish Krone eresta D-Mark resta Franc unch Guilder ish Peat	42.4592 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58	43.1778 7.95346 2.06468 6.98382 2.32410 0.777817 1518.43	+147 +129 +030 +116 +030 +122 +235	+0.52 +0.52 -0.47 -0.39 -0.57 +0.45 +2.03	21.5344 21.5404 21.0960 21.3674 21.5012 21.6684 24.0752
hunges are for Ecu, then dustinest calculated by	efore positive cha Floracial Times	måd quanter 9 mi	ak correctly		

POUND	SPOT- FO	RWARD A	GAINST T	HE P	OUND .	
December 22	Day's Spread	Close	Day sepaid.	¥ 14	Three	1 11
Lis Canado Nectorianta Relgium Denomris Irekad M. Germany Portugal Roale Rady Viprusty France Sweden Lagior Lagior Sweden Sweden	1.82±5-1.8340 2.3854-2.3964 3.35-3.36 62.23-62-41 11.46-11.53 1.1223-1.1274 2.971-2.981 2.971-2.981 2.971-2.981 2.187-2.194 2.187-2.194 2.187-2.194 2.187-2.194 2.197-2.194 2.197-2.194 2.197-2.194 2.197-2.194 2.197-2.194 2.197-2.194 2.197-2.194 2.197-2.194 2.197-2.194 2.197-2.194 2.197-2.194	1.6900-1.8316 2.8995-2.9905 335-3.36 42.30-62-40 11.46-11-47 1.1290-2.1240 22.40-243.40 20.00-22.30 21.90-21.93 11.66-11.47 10.671-10.084 10.86-11.852 2114-222 2016-21.99 2414-2424	0.10-0.07 cpm: 0.0565-0.05pm 11-1-1cpm 14-7-cpm 14-7-cpm 14-7-cpm 11-1-1cpm 11-2-15-cps 11-2-15-cps 4-7-15-cps 12-3-5-cps 12-3-5-cps 12-3-5-cps 12-3-cps 12-3-cps 12-3-cps 12-3-cps 12-3-cps 13-3-cps 13-3-cps 14-	013 125 125 127 126 127 126 126 126 126 126 126 126 126 126 126	2.45-2.40pm 0.044t-0.05pm 40-25pm 40-25pm 10-34n pm-0.124t- 31-34pm 340-494te- 11-194t- 11-194t- 11-194te- 11-194te- 11-194te- 11-194te- 11-194te- 11-24te-	100 100 100 100 100 100 100 100 100 100

December 22	Day's			%	Tirte	%
	spread	Chori .	One month	9.2.	mentic	F pa
SK+	1.8245-1.8340 1.6240-1.6322	1.0300-1.8310 1.6295-1.6305	0.10-0.07cm 0.03d1-0.02cm	0.5%	Q.45-0.40pm	0.9
aldered week			Prosessor acchill	מנם	0.33-0.23mm	24
Canada	1.30/G-1.3070	1,3050-1,3060	0.06-0.09046	-010	0.30-0.3365	1 83
Newerlands .	1.8310-1.8370	18325-18335	0.60-0.55qm	3.76	1.45-1.40m	1 11
Belguil	34.02-34.11	34.00-34.10	5.75-2.75cpm	150	13.50-6.50pm	
Deverterk	6.26-6.2019 1.6365-1.6313	6.274-6.273 1.6280-1.6290	0.40-1 (Coredis 0.61-0.5Hzpm	-134	2.20-2.80ds	کنا۔ ا
Portugal	133-1333	133-1334	80-110cd4		225-2954	40 -74 -3.9
Scoto	110.40-110.95	110.60-110.70	25-50rds	4.00	90-13044	1 40
taly	1195-1200	11974-11984	3.00-4.00Vredit	35456 6456 6456 6456	9.50-12.5044	-3.6
Norway	63612-63812	6.37-6.3772	3.55-3.90oredii	-7.01	11.60-12.0045	-7.A
France	3,506-5.51	5,504-5.50 €	0.40-0.55mla	-1.03	1.50-1.80ds	-1.2
Swedig	5 92-5 9312		0,40-0.60predia	-IM	2.05-2.35ds	-14
Austria	1245-124.83	124.55-124.65	0.43-0.40ypm	3.98 3.14	112-1100	1 34
Budy seeing	11.643-11.480-	1 232F 3 394	0.54.0.50mm	47	11.00-7.00pm	抗
Teritorciand ,	1.31951.3240	1.3230-1.3240	0.54-0.50cpm	4.71	1_38-2_33per by to the US dollar 5-34.30.	

also provided.

Bilis maturing in official hands, repayment of late assistance and a take-up of Treasury

bills drained \$399m, with Exchequer transactions absorbing \$450m, and a rise in the note circulation \$135m. These outweighed bank balances above

target of \$50m.

Dec 22	Smirt Israe	7 Days notice	, One Monds	Three Months	Months .	· Year
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p.c. on Monday. Credit conditions remained tight, as funds flowed out of the banking system to meet tax requirements. The Bundesbank helped relieve the shortage with money, provided via state-owned banks, known as paragraph 17 money, and also offered a securities repurchase agreement tender for today, under favourable terms to the market. In Paris the Bank of France said it will offer FFr10.5bn of fixed rate negotiable Treasurbills at the next tender on December 28. The total includes FFr3bn 13 week bills: FFr3.5bn of December 28. The total includes FFr3bn 13 week bills: FFr3.5bn of seven we most 30.95 for cert three states of taxons a said to seven the next tender on December 28. The total includes FFr3bn 13 week bills: FFr3.5bn of seven the market against the next tender on December 28. The total includes FFr3bn 13 week bills: FFr3.5bn of the market bills: FFr	morning, before easing back to	Philopid Man						
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relieve the shortage with money, provided via state-owned banks, known as paragraph 17 money, and also offered a securities repurchase agreement tender for today, under favourable terms to the market. In Paris the Bank of France said it will offer FFr10.5bn of fixed rate negotiable Treasur' bills at the next tender on December 28. The total includes FFr3bn 13-week bills: FFr3.5bn	flowed out of the banking sys-	Intertank Sid Sterilog CDs.	5.00	8125	8.50	8425 .	20126	9,575
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	FFr3bn 13-week bills; FFr3.5bn 24-week bills and FFr4bn 50-	under one month 7.5 der	cent; one-th	ree moetis i	LSG per cept;	STATE OF THE REAL PROPERTY.	ds 8.50 per	coal; sec-mile

FINANCIAL FUTURES

Gilts show little change

LONG-TERM gilt futures closed little changed after a quiet day's trading on Liffe yesterday.

London interest rates had a slightly softer tone, as sterling improved against the dollar. Rising oil prices had less impact on sterling denominated contracts traders uncertain about the future direction of UK bank base although higher oil prices are

LIFTE LANG CALL FATTORES OFFICE

LIFFE 2/5 OPTIONS C25,606 (costs per C1)

83-06 previously.

The weaker trend was encour aged by stronger than expected US durable goods orders for November, and by a rise in oil

November durable orders were unchanged, There was no reaction to new that the US Congress had approved a cut in the budget defthan on dollar contracts, since although higher oil prices are regarded as inflationary, the upward move will provide support for the pound.

As North Sea crude rose back above \$16 a barrel March long term gilts closed at 118-00, compared with 117-30 at the opening, and 118-02 on Monday's and fell to a low of \$7-11, before close.

The market now awaits today's future direction of UK bank base that the US Congress nau approved a cut in the budget deficit by \$76bn ower the next two opened at 90.87, the day's high, and moved in a narrow range, down to a low of 90.83. The contract closed at 90.85, against that the US Congress nau approved a cut in the budget deficit by \$76bn ower the next two amounts to a low of 90.83. The contract closed at 90.85, against that the US Congress nau approved a cut in the budget deficit by \$76bn ower the next two amounts and moved in a narrow range, down to a low of 90.83. The contract closed at 90.85, against that the US Congress nau approved a cut in the budget deficit by \$76bn ower the next two amounts and moved in a narrow range, down to a low of 90.83. The contract closed at 90.85, against that the US Congress nau approved a cut in the budget deficit by \$76bn ower the next two amounts and moved in a narrow range, down to a low of 90.83. The contract closed at 90.85 on Monday.

US Treasury bond futures that the US Congress nau approved a cut in the budget deficit by \$76bn ower the next two opened at 90.87, the day's high, and moved in a narrow range, down to a low of 90.83. The contract closed at 118-00, compared with 117-30 at the opening so and fell to a low of \$7-11, before close.

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FINANCIAL TIMES CONFERENCES

CIVIL AVIATION IN THE

OF THE FUTURE

25 & 26 January, 1988

fastest growing air transport arena, is the subject of the Financial Times fifth Asian Aerospace conference on 25 & 26 January, 1988. The rapid growth in the region is already imposing, and will continue to impose, strains upon the airlines, airports and the aviation infrastructure overall. It will generate a massive demand for new aircraft and the money with which to buy them for many years to come. The aim of this '88 conference is to define these problems and indicate possible developments and solutions.

A most distinguished panel of national banking and financial manufacturers will lead the debate.

The Conference has been timed to precede the Asian Aerospace '88 Exhibition to be held at Singapore Changi Airport, 27-31 January, 1988.

: Financial Times Conference Organisation 2nd Floor, 126 Jermyn Street, London SW1Y 48J Yel: 01-925 2323 'Tb:: 27347 FTCONF G Fee: 01-925 2125

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Company Notices

to holders of ASSOCIATES CORPORATION OF

NORTH AMERICA

5% Senior Yen Notes Due 1992 (the "Notes")

Legal Notices

No. 008250 of 1967 THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF UNIONAMERICA

MOTICE IS HEREBY GRVEN that the Order of the High Court of Justice (Chancery Division) dated 30th NOVEMBER 1987 constrainty the reduction of the capital of the above-named Company from 220,000 to not end the Menuts approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Register of Companies on 4TH DECEMBER 1987.

SURC FROZEN PRODUCTS LIMITED

JOHN FREDERICK POWELL and CHRISTO-PHER JOHN HUGHES, of Cork Guily, 43 Tample Row, Birmingham, 52 517 way appointed joint administrative receivers of EURO FROZEN PRODUCTS LIMITED (Regis-tend No) 1645773 by Elders Finance Limited on 10 December 1967.

NOTE: Trading med above:-Euro Prozen J.F.POWELL

Personal

206 133 Ass. Brit, Incl. Ordinary ... 207 145 Ass. Brit, Incl. CULS

Granville 6. Company Limited 8 Lover Lane, London EC3R 8BP Telephone 01-621 1212 Member of FIMBRA

Overseas Property

COTE D'AZUR Seint Jean-Cap Fevret, VIII.

BeanHen S-M. Eze, Cap d'Ail
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I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W OBD Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

FT 30 FTSE 100 WALL STREET
Dec. 1396/1408 -7 Dec. 1734/1746 -16 Jan. 1961/1977 -23
Mar. 1421/1433 -7 Mar. 1766/1778 -16 Mar. 1966/1982 -27 Prices taken at 5pm and change is from previous close at 9pm

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stack Exchange. Other securities listed above are dealt in subject to the rules of FIMBRA

CORRECTION NOTICE

Standard & Chartered

Standard Chartered PLC

(incorporateo with irrated liability ii) Englandi

2300,000,000

Undated Primary Capital Floating Rate Notes

of which £150,000,000 comprises the Initial Tranche.

In accordance with the Terms and Conditions of the Notes indice is hereby given that for the three months period (91 days) from 18th December 1987 to 18th March.

The interest payment date will be 18th March, 1988. Coupon No. 11 will therefore be

J. Henry Schroder Wagg & Co. Limited

payable on 18th March, 1988 at £1,142 16 per coupon from Notes of £50 000 nominal and £114 22 per coupon from Notes of £5 000 nominal

1988 the Notes will carry an Interest Rate of 9 · ... per cent, per annum

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THE PATTERN

Singapore,

The Pacific Basin, civil aviation's

speakers from the airlines, the intercommunity and the major aerospace

CIVIL AVIATION IN THE PACIFIC BASIN

The Sixth **FT City** Seminar Plaisterers Hall, City of London 11, 12 & 15 February,

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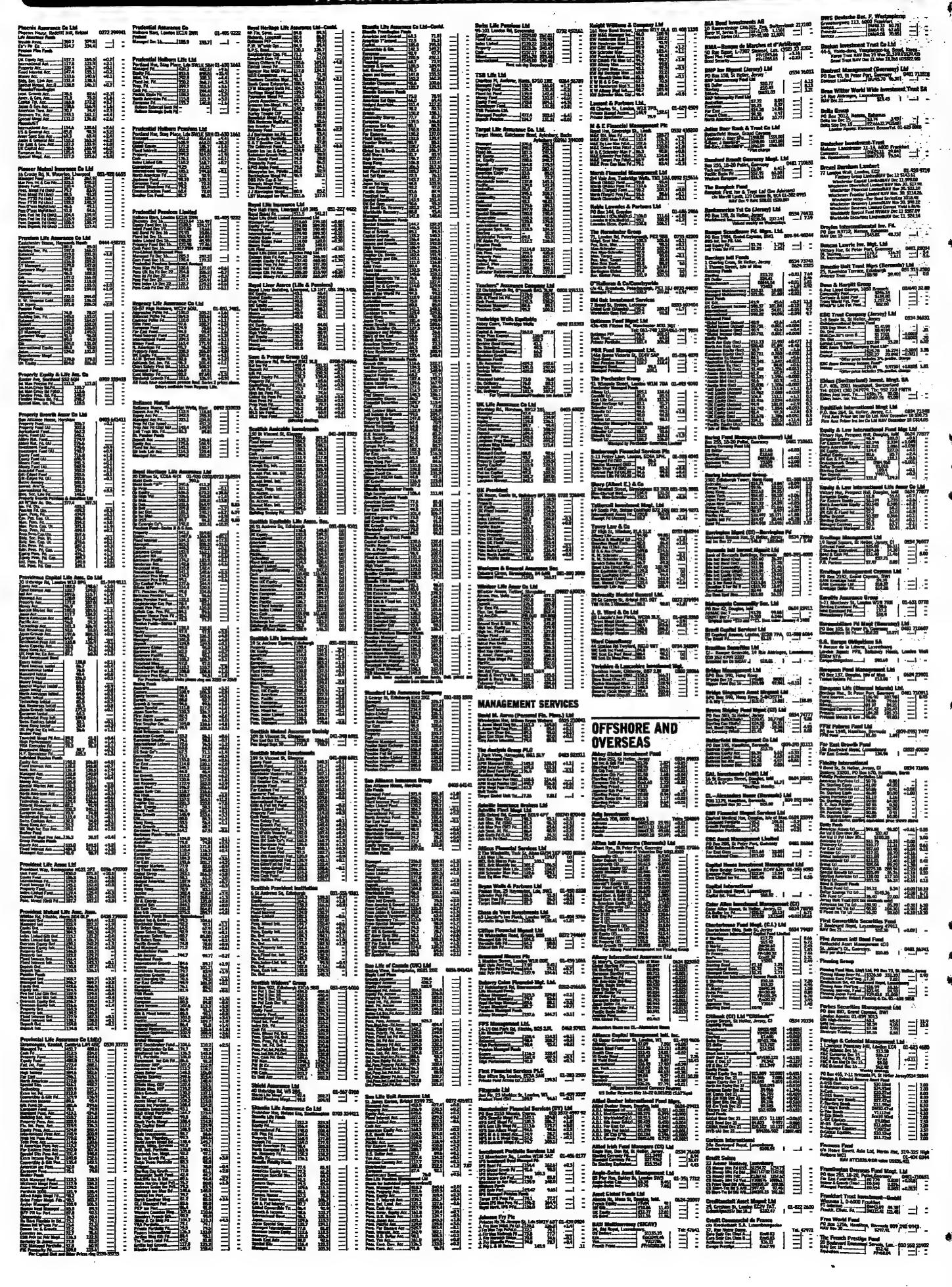
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Financial Times Wednesday Dece	mber 23-1987
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LONDON SHARE SERVICE

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THE UK SECURITIES markets began to wind down for the Christmas break yesterday, although a rash of dawn raids and special situations kept the equity market professionals on their toes. The oil share sector remained busy, but went home on tenterhooks after the City Takeover panel said it's decision on British Petroleum's \$2.3bn bid for Britoil would not be announced last night. Government bonds, awaiting the UK November trade figures, due today, made no response to the

passing by Congress of the US budget Bill. With the Britoil situation hanging over their portfolios, the major investment institutions appeared content to leave the equity market where it is. The advance of the past seven trading sessions has taken the stock market above the top end of the FT-SE 1500-1730 range established since the sector re-stabil-ized after the dramatic October shakeout. However, while many analysts hope for a further rally in the New Year, the institutions remain cautious.

Equities opened firmly on the back of a firm New York market overnight, and were soon enliv-ened by yet another dawn raid. But, with the market's mood becoming increasingly specula-tive, investors proved unwilling to respond to a mystery offer, via James Capel, for shares in Blue Circle Industries (BCI), Britain's largest cement manu-facturer, and the steam soon ent out of BCI shares, and out

of the market as well. The market continued to settle downwards for the rest of the day, with an early fail on Wall Street confirming London's unwillingness to attempt a further advance. At the close, the FT-SE 100 index was a net 2.8

down at 1747.4.

The renewed tensions in the "new" and "old" shares after crude oil prices spurted higher in the wake of the increasing tension in the Middle East. Brent crude for February delivery advanced a full \$1 a barrel to \$18.10 yesterday. The "new" settled unchanged on balance at 70½p while the "old" were finally a penny up at 252pafter a turnover of 8.5m shares. Gulf were reflected in gains for Consolidated Goldfields and RTZ but the oil share sector remained pre-occupied with the speculative implications for the UK energy sector of the attempts by BP and Atlantic Richfield to

gain control of Britoil. Major exporting stocks, such as ICI, Jaguar and BAT Industries shed a few pence as investors pondered the outlook for sterling in 1988. Morgan Grenfell warned that, "the steep fall in world oll prices has led to the light signs of sterling weekness. recently to increase its holding in Enterprise to 25.35 per cent in Eaverprise to 20.30 per cent-to top up its stake to the previ-ous level of 29.9 per cent the company said - triggered a fresh flurry of buying interest in Enterprise shares which jumped a further 16 to 274p. LASMO raced up a similar amount to first signs of sterling weakness for more than a year. However, added Morgan, the vulnerability of the UK economy as a whole to oil prices has been "diminishing

rapidly".

Much of the equity market's recent optimism has reflected

Raid on Blue Circle features in quiet equity sector

while Gilts remain dormant

	boostedby BZW and Warburgs, rose a like amount to 241p. Composite insurances suffered										
	Dec.	Dec.	Dec.	Dec	JUEL J. TESS			Since Co	apitaties	from widespread profit-taking	
	22	21	18 ·	17	16	Ago	Hilgh	Law	High	1.ew	which prompted modest losses
Government Secs.	88.19	88.21	87.72	87.86	87.66	82.96	95.32	83.73 (19/10)	127.A (9/1/35)	49.18	across the board. But brokers included a firm performer in CE
Fined Interest	94.71	94.69	94.86	94.84	9L90	<i>89.72</i>	99.12	90,23	105.4	50.53	Heath which added 9 to 408p on takeover rumours.
Ordinary #	1408.9	1405.1	1377.8	1346.6	1348.9	1294.7	1926.2 1967)	1232.0 (9/11)	(28/11/47) 1926-2 (16/7/87)	(3/1/75) 49.4 (26/6/40)	Leading Building issues went sharply higher initially with the
Gali) Miecs	301,1	305.6	303.8	319.0	320.4	308.9	497.5 (4/80	261.6 (6/11)	734,7	43.5 (26/19/71)	market taking its cue from the attempted raid on Blue Circle.
Ord. Div. Yield	4.44	446	4.55	4.60	464	4.63		S.E AC	TIVITY		Speculative activity soon sub-
Earnings Ykl. %(thill)	1111	11.17	11.38	11.53	11.59	10.51		ndices	Dec. 21,	Dec. 18	aided, however, and closing lev- els were some way below the
P/E Ratio (net)(*)	11.03	10.96	10.77	10.63	10.57	11.68	Gill, Edged I		107.4 198.8	202.6 204.6	best. Rugby, another major
SEAQ Bargains (Spm)	24,326	27,597	28,077	27,907	24,367	25,461	Equity Sarg Equity Value	265 ———— ? ————	2963.7	9028.8	cement manufacturer, touched
Espity Tursover (£1s)	-	1466.28	1498.46	1386.27	1101.78	867.62	5-Day award		110.9	ms	258p prior to closing 5 higher at 243p, while BPB Industries fin-
Entroy Bargains	-	30,680 569.2	31,571 633.4	30,711, 588.2	25,849 566.3	42,652 430.5	Equity Bary	سبب وشو	185.I 2661.4	175.6 2446.4	ished 8 up at 2660, having prog-
24842 (1505st rult) ************************************	-	301.2	633.4	3002	700.5	430,5	Equity Valu	t ——	2001	-	ressed earlier to 275p. RMC closed 10 dearer at 437p, but
©pening 10 . 141	2.8		High 1			8 low 14		3 p.m 1414.	4 14	p.st. 07.3	Rediand continued to give ground in the wake of the Mon- ier roof tile acquisition and shed 5 more to 413p for a two-day fall of 22. Construction issues fea-
Basis 100 Govt.	30ci 15/1	Willia, Fland	₩L 1928,	Ordinal I/	1735, Rold	Martin 12/9	1725, 5 E Act	1974, °	MANUAL PROPERTY.		tured George Wimpey which bounded 9 to 239p on speculative

ary 1 when RTZ will be allowed to launch a full bid for LASMO.

British Gas, on the other hand, were unsettled by Press comment on the deal to acquire an interest in Bow Valley and the shares were finally a fraction before the October market crash. hand, were unsettled by Press comment on the deal to acquire an interest in Bow Valley and the shares were finally a fraction easier at 129p, after a turnover of 8.7m shares. Talk that a counter offer to ELF's 145p a share bid is imminent boosted Tricentrol 5 to 171p on a turnover of 14m shares. over of 1.4m shares. Sovereign

Oil leapt 11 to 9 p.
Blue Circle Industries (BCI), the UK's biggest cement manu-facturer, escaped becoming the latest dawn raid victim when a 450p per share offer launched by James Capel, the leading agency broker, failed miserably. Capel acting for an unnamed predator, wanted as much as 14.9 per cent, or 38m of the BCI equity, but its offer attracted less than 1 per cent of the shares - although it compared with a BCI price of 332p ahead of Capel's move. "It seems to have been a bit of non-sense, said Mr David Poole,

sense", said Mr David Poole, managing director of BCI.
Had Capel's foray proved successful, the market believes the predator might have lifted his target sights to 29.9 per cent of BCI. However, the shares soared more than 30p above the Capel offer without inducing BCI holders to accept the tender. At the close, BCI stood at 454p, a net 121 higher after turnover of only 17m shares.

Rumoured prospective pur-chasers included BTR, Holder-

for Blue Circle.

Birmid Qualcast, currently on the receiving end of an unwelcome bid from Blue Circle, dipped to 280p initially on thoughts that any potential BCI suitor may not wish the offer for Birmid to proceed Purpous to Birmid to proceed. Rumours to the contrary subsequently forced the Birmid share price back up to 308p for a loss of only 6 on

Henderson Group

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

another target but in this instance the raid was successful. Robert Fleming Securities, acting on behalf of Evered Holdings, quickly mopped up 1.9m shares (some 8.5 per cent) at 330p per share of Henderson, a manufacturer of sidding door equipment.
The purchases increase
Evered's stake in Henderson to some 5.1m shares, or 22.8 per cent of the equity. Henderson shares rose to 330p at one point before closing 61 higher on the

day 322p.

BTE, the major conglomerate with interests ranging from construction, energy and electrical to consumer products, came under selling pressure and fell 17 to 266p as a leading London investment house lowered its profits estimates for the com-

pany Warburg Securities has down-

graded its current year forecast from \$630m to \$595m, with the ediction for 1988 being reduced by the same amount to \$675m. me 6.8m shares changed hands, but part of yesterday's fall was attributed to talk that BTR may be a possible predator

The clearing banks made further good progress led by NatW-est which put on 12 to 575p still boosted by the "buy" recommen-dation issued by Wood Macken-zie in its latest Bank Market Review, which states "Avoid LDC exposure and support the quality - NatWest, the two Scot-tosh banks and TSB.

Royal Bank of Scotland mirrored this advice and advanced 16 to 351p while Bank of Scot-land added 9 at 522p. TSB edged

up 3 to 112p.
Life assurances were easily the best performers in the insurance sectors. Persistent takeover speculation was directed towards the life groups and Peari featured with a 18 leap to 405p, although dealers remarked on the shortage of stock available. Legal and General were 7 better at 274p of stock available. Legal and quiet market for much of the General were 7 better at 274p - day but picked up late to close 5 Hoare Govett remained strong firmer at 341p following good buyers here - while Abbey, institutional buying. Plessey

HOTELS (1) Sevey "A". NEW LOWS (11).

CANADIANS (2) National Business Speci Eng., SLECTRICALS (1) Add

best. Rugby, another major cement manufacturer, touched 258p prior to closing 5 higher at 243p, while BPB Industries finished 8 up at 266p, having progressed earlier to 275p. RMC closed 10 dearer at 437p, but Redland continued to sive Redland continued to give ground in the wake of the Mon-ier roof tile acquisition and shed of 22. Construction issues fea-tured George Wimpey which-hounded 9 to 239p on speculative demand fuelled by takeover.

Attention in Foods centred on a couple of old takeover favour-ity. Northern Woods came to

Among Chemicals, Sutcliffe Speakmen continued to respond to the excellent results and added 3 more to 119p. Foseco rose 8 to 227p as bid rumours revived.

rose 8 to 227p as bid rumours revived.
Continuing publicity given to stories of a late boom in Christmas sales and strong buying interest from at least one leading securities house gave a further lift the the stores sector.

Woolworths were heavily supported and surged to 278p before closing a net 15 higher at 270p with almost 4m shares going through the system. Other firm features included Marks and Spencer, 4 better at 192p, Sears, up 5 at 135p, and Dixons, where vague bid talk lifted the shares a further 7 to 218p. Burton, where Wood Markenzie were said to have been aggressive buyers, moved up 5 to 222p. Elsewhere, Body Shop, recently the subject of a strong buy recommendation from Citicorp Scrimgsour Vickers, jumped 50 more to 755p, after 775p.

Interest in the electrical and electronics sector was ususally of a limited nature. BICCC were a electronics sector was ususally of a limited nature. BICC were a

NEW HIGHS AND LOWS FOR 1987 (3) Carnelle live., Gertmore European. Ser keley Govett & Co., Oll.5 (1) Crussder MERCE (2) Buffels, Swen Recurses, THISE MARIET (1) Eginton Oll Warrerds. dipped 4 to 152p on a turnover of 3.6m shares. AB Electronics made rapid progress, closing 23 higher at

Electronic Rentals shot up

waved through by the Trade Secretary. Securities house Chase Manhattan Securities were belleved to have carried out a major part of the activity in ER and say that the 7th per cent Convertible Preference shares sharply higher initially with the market taking its cue from the attempted raid on Blue Circle. Speculative activity according to the convertibles and value FR Speculative activity soon sub-alded, however, and closing lev-els were some way below the point to the probability of quick point to the probability of quick moves to rationalise the merge Granada/ER business which Granada/ER business which could lead to negligible dilution of Granada's earning in the current year and "real benefits in 1988/9." Among the Engineering leaders, GKN ran into occasional profit-taking and closed 10 dearer at 305p, but Vickers, assisted by news of the sale of the Jocye-Loebl division for just over £128m, improved 5 further to 161p.

a couple of old takeover favourites. Northern Foods came to
the fore, rising sharply to close
17 higher at 268p amid strong
buying interest from several
sources. Dalgety also revivedstrongly with a gain of 10 at
strongly with a gain of 10 at
316p. Elsewhere, Hillsdown continued its recent strong run and
Courtanida—essed 43 to 288p.

short of stock boosted Grand
Metropolitan a further 14 to
456p, a two-day rise of 30.
Pilkington, enlivened by the
attempted early morning raid on
Blue Circle, were briskly traded
(some 5.5m shares changed
hands) and moved ahead to close 10 higher at 230p. Speculation was that BTR may return with another bid. Beecham, in contrast moved lower in the wake of a Citicorp Scrimegeour Vickers (CSV) recommendation to switch into Fisons and closed 16 cheaper at 455p. CSV point out that they remain bullish in the long term for Beecham, but take the view that the share price has outperformed recently. Boots continued to trade on a lively note before closing below the day's best with a rise of 7 on the

day at 259p. Elsewhere, British Airways reacted 7 to 157p in the wake of comment on the company's succomment on the company's successful bid for British Caledonian. British Vita, assisted by news of the proposed acquistion of Royalite Plastics for some £10.3m rose 6 to 415p, Platon, on the other hand, ran into selling following the poor interim figures and closed 15 cheaper at

78p. Granada Group edged on 4 to 303p on the announcement that its bid for Electronic Rentals is not to be referred to the Monopolies and Mergers Commission. Bumper interin figures prompted a rise of 5 to 45p in A.J. Worthington, but the pro-posed rights issue left Maxiprint 3 lower at 37p. The proposal to seek shareholders approval to buy in its own shares left Cosale a few pence higher at 126p. Metal Box encountered renewed buying interest and put

14 to 88p after the bid was on 10 further to 202p while other bright spots included Cannon Street Investments, 10 higher at 230p, and Halms, 13 dearer at 158p.
Television issues made further strong headway with stock short-

strong headway with stock shortages often exaggerating gains.
Central TV rose 20 to 443p and
Thames put on 17 to 365p.
TV-am, despite the continuing
industrial dispute within the
company which is hamperingprogrammes, revived strongly
with a gain of 21½ at 146p. Tyne
Tees were 24 up at 509p and
Scottish 14 to the good at 339p.
Davidson Fearce advanced to Davidson Pearce advanced to close 8 higher at 108p in the wake of a revival of Broad Street

bid hopes.
Leading Properties succumbed to light profit-taking, Land Securities easing 6 to 476p and MEPC softening 5 to 456p. Ham-

settled 5 dearer at 285p.

Renewed demand in a market short of stock boosted Grand Courtanids—eased 43 to 348p in a relatively modest volume of trade (1.2m) following a broker's downgraded profits forecast. Courtanids essed 13 to 348p downgraded profits forecast. Other Textiles showed minor movements, although occasional interest revived in Gaskell Broadloom which firmed 7 to

Traded option activity fell well short of the previous day's total of 26,635 contracts. Following the attempted raid on the company, Bige Circle were lively and attracted 3,634 calls and 548 and attracted 3,634 calls and 548 puts. Plessey were also active and registered 1,173 calls and 8 puts. The FTSE contract attracted 987 calls and 680 puts. Total contracts came out at 22,027 comprising 15,656 calls and 6,371 puts.

Traditional Options • First dealings Dec 14 • Last dealings Dec 31 • Last decisrations Mar 17 • For Settlement Mar 28

For rate indications see end of London Share Service Stocks to attract money for the call included Eagle Trust, Con-treway Industries, Bryant Holdings, Hawthorn Leslie, Standard Chartered, Control Securities, BOM Holdings, Norex and Bejam. No put or double options were reported.

TRADING VOLUME IN MAJOR STOCKS

FT - ACTUARIES INDICES

284p as speculators bought the

shares ahead of the change in the company's status from Janu-

confidence that Mr Nigel Law-son, the UK Chancellor of the Exchequer, will be able to

deliver a "substantial cut in taxa-

tion' next year, to quote Klein-

Government bonds ended with

side of their overnight quota-

tions. Traders remained con-

vinced that the mood is optimis-

tic, and that buyers are waiting in the wings, ready to enter the stage when the new trading year

opens. Many institutional portio-

lios have now been closed down

for the year end valuation, and

for the year end valuation, and fund managers are unwilling to open up new positions ahead of the prolonged holiday break. Britoil shares were hit by a severe attack of the litters as the recent buyers flinched ahead of the crucial decision by the Takeover Panel as to whether the 450p a share bid by BP to takeover Britoil can proceed.

over Britoil can proceed.

Heavy trading in Britoil indicated further aggressive buying by Salomon Bros. on behalf of

Atlantic Richfield (ARCO) which

revealed yesterday that it had already upped its stake in Britoil

Britoil's share price dropped steadily throughout the session to close a net 14 off at 412p, after

a turnover of 25m shares, reflecting the possible implica-tions of a Panel rejection. The

Panel decision was not expected to be announced until after the

closure of Wall Street last night.

BP also attracted a further substantial turnover- 132m BP

"new" shares moved through the

system with the Kuwait Invest-

ment Office again buying in the

market after announcing the previous day that its stake had

been increased to over 16 per cent. The KIO announced well

after the close of business that it had increased its holding to

Dealers also said that there

was good general support for BP new and old shares after

News that LASMO had moved

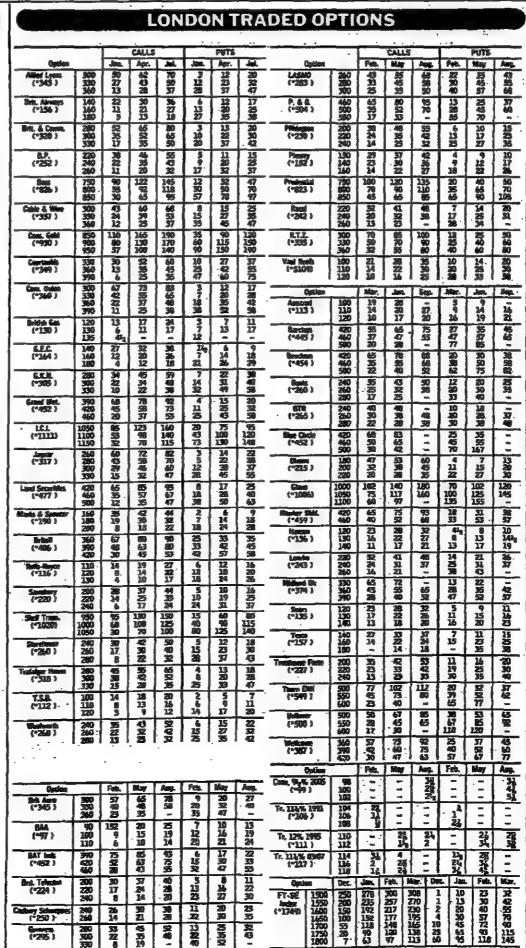
to 19.2 per cent.

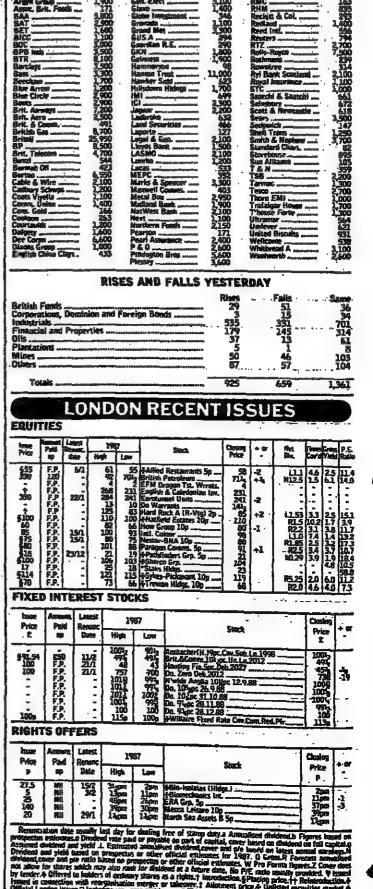
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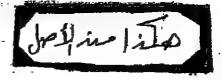
These Indices are the joint compilation of the Financial Times a institute of Actuaries and the Faculty of Actuarie

	EQUITY GROUPS & SUB-SECTIONS		Tuesda	y Dece	mber 2	2 1987	7	Dec 21	Pri Bec 28	Thu Dec 27	Year ago (appro
F	Igures in parentheses show number of Rucks per section	Index No.	Day's Change %	Est. Earnings Yield?k (Max.)	Grees Div. Yield% (Act at (27%)	PIE PIE Ratio (Net)	nti acti. 1967 to date	ladex No.	halex Ma.	Index No.	Index No.
1	CAPITAL SOURS (214)	721.26		9.97	4.00	12.58	20.99	720.88	709.94	700.69	487.4
5	Building Materials (30)	973,66	+3.8	10.14	3.87	12.26	27.46	935.98	925.66	994.29	853.
3	Contracting, Construction (33),		+0.9	9.72	3.68	23.65	34.99				
4	Electricals (14)	2030.07	-0.3	9.01	4.58	14.43	65.15	2034.55	1989.19	1966.01	1732.
5	Electronics (33)	1510.98	-0.5	10.56	3.44	12.36	38.66	1518.48		1482.31	1528
6	Mechanical Engineering (60)	365.16	-0.2	10.24	4.51	12.30	12.47	366.03	360.74	357.22	367.
8	Metals and Metal Forming (7)	428,41 265,62	-23	9.86	3.91 4.38	12.23	12.87	434.29	433.17	43L48	349.
ם ם	Motors (14)	1214 30	-2.7	8.72	4.28	10.28 13.64	7.46 39.00	268.74 1248.64	260,48 1236,57	255.66 1214.71	264
ĭ	CONSUMER GROUP (182)	1031 33		8.49	3.53	15.00	25.82	1038.94			946
2	Brewers and Distillers (21)	993.29	+0.2	10.87	3.97	11.66	25.39	991.24	1015.86	983.07	922
5.	Food Manufacturing (25)	838.98	+0.4	9.18	3.77	13.96	23.39	315.27	829.39	827.51	731
6	Food Retailing (17)	2058.92	-12	7.76	2.95	17.12	47.36			Z188.85	
5	Health and Household Products (10)	1746.97	-1.0	6.72	2.57	17.75	33.67	1764.34			
9	Leisure (29)	1134.07	+0.4	7.67	411	16.29	33.98	1129.92	1107.26		967.
i	Packaging & Paper (16)	500.99	+0.3	8.41	3.61	15.65	1271	499.64	495.14	458,70	457
2	Publishing & Printing (15)	3329.35	-0.1	6.58	4.39	19.20	99.38		3275.30		2725
4	Stores (35)	855.56	+1.6	8.77	3.54	15.30	21.77	842,47	\$22,91	824.58	822
5	Textiles (16)	609.62	-2.3	10.79	3.86	10.68	17.67	622.95	5%.53	591.44	550.
0	OTHER GROUPS (87)	848.64	-0.5	10.87	4.36	11.43	27.29	852.63	237.51	825.18	819.
1	Agencies (17)	1843.91	-0.3	6.70	2.30	19.07	17.38		101411	997.59	
2	Chemicals (21)	1968.13	-0.8	9.59	4.38	12.80	33.69	1076.32	1947.38	1827.58	1852.
3	Conglomerates (13)	1131.06 1734.16	+0.3	10.50	4.61	10.93	39.30	1127.56	1119.13	1101.71	0
7	Telephone Networks (2)	886.43	-0.5	9.79 12.15	4.76	13.38	57.89 31.99	1760.32 890.62	1739.17	1710.78 844.31	1516
á.	Miscellaneous (23)	1160.43	-0.5	13.24	4.11	8.99	35.16	1145.80	\$76.87 1144.21	1735.78	1114
9	INDUSTRIAL GROUP (483)	910.32	-0.1	9.51	3.87	13.24	25.45	977.19	896.94	896.A2	852
Í	Oil & Gas (17)	1681.78		9.88	5.85	12.48	66.21	1682.68	1613.89	1604.91	1491
9	500 SHARE INDEX (500)	975.78	-0,1	9.57	4.16	13.12	28.96	976.58	957.66	950.96	986
I	FINANCIAL GROUP (121)	639.23	+0.5	-	4.91	-	22.43	636.09	622.25	616.14	60L
2	Banks (8)	634.66	+1.5	20.86	6.19	6.33	26.94	625.13	633.48	603.49	675.9
5	Insurance (Life) (8)	938.02	+23	- 1	4.91	- 1	32.56	916.69	898.18	\$99.82	855.
6	Insurance (Composite) (7)	517.94	-1.1	-	5.32	-	20.16	523.89	514.12	515.83	454.)
7	Insurance (Brokers) (8)	916.43	-0.5	12.11	6,27	10.57	40.26	929.78	906.25	897.A2	1134
8	Merchant Banks (11)	340.17 991.34	-0.4	5.31	4.19		10.69	340.29	332.71	323.52	349.
Ö	Other Financial (30)	378.67	+0.4	9.60	3.10 4.18	24.06 13.17	22.75 12.01	995.89	965.22	958.34	801.
1	Investment Trusts (87)	799.33	-0.7	7.00		13.17		377.06	349.AT	367.56	361,
1	Mining Finance (2)	445.62	+3.6	16.20	3.17	-	18.67	864.77	785.41	786.50	867.
il	Overseas Traders (10)	948.82	+0.9	9.53	3.83 5.26	11.04	12.77 37.00	429.94	425.25 024 E7	427.26	334
9	ALL-SHARE INDEX (720)	884.84		7.33	4.25	22.32	26.87	949.33 884.50	924.57 867.07	928.75 861.05	766.9
		lates	Day's	Day's				00.00			
1		No.	Change	High	Day's	Dec 21	Dec 18	Dec 17	Dec 16	Dec 15	Year
_	FT-SE 100 SHARE INDEX 4	1747.A				1750.2				1670.8	

	FIX	(ED I	NTE	REST				AYERAGE GROSS REDEMPTION YIEL	Tue Dec 22	Mon Dec 21	Year ago	
	PRICE INDICES	Day's change %	Mon Dec 21	xd adj. today	nd adj. 1987 to date	1 2	Cospose 15 y	ears	8.85 9.52	8.36 9.50	9.36 10.27	
,	British Government 5 years	123.10	+0.04	123.05		11.06	4 5	Medium 5y	tas	9.36 9.49 9.71	9.35 9.49 9.71	10.27 10.96 10.60
2	5-15 years	137.71	+0.01	137.84	0.14	14.40	67	High 5y	ears	9.61 9.57	9.68 9.57	10,34
_	Over 15 years Irredeemables		-0.07 -0.03	145.59 160.38	-	14.19 13.59	89	Coupons 15 y	ears	9.87 9.63	9.86 9.62	10.78
5	All stocks	135.13		135.19	0.07	13.32	10	Irrestremables		9.28	9.27	10.01
6	ladex-Linked 5 yearso	123.00	+0.05	122.94	-	2.92		Inflation rate 5%	Syrs_0 Detr 5 yrs_0	3.97 3.96	3.07 3.96	3.87 3.84
_	Over 5 years		-0.06 -0.05	115.52 115.96	_	3.43 3.37		Inflation rate 10%	5 yrs.e leer 5 yrs.e	3.47 4.04	3.47 4.03	2.30 3.67
_	Debeolores & Lates		+0.17	115.87		10.69	16	Deits & Loan	5 years 15 years	10.96 11.04	10.95	11.63
	Preference	85.01	+0.20	84.84	-	6.24	17		25 years	11.10	11.13	21,43





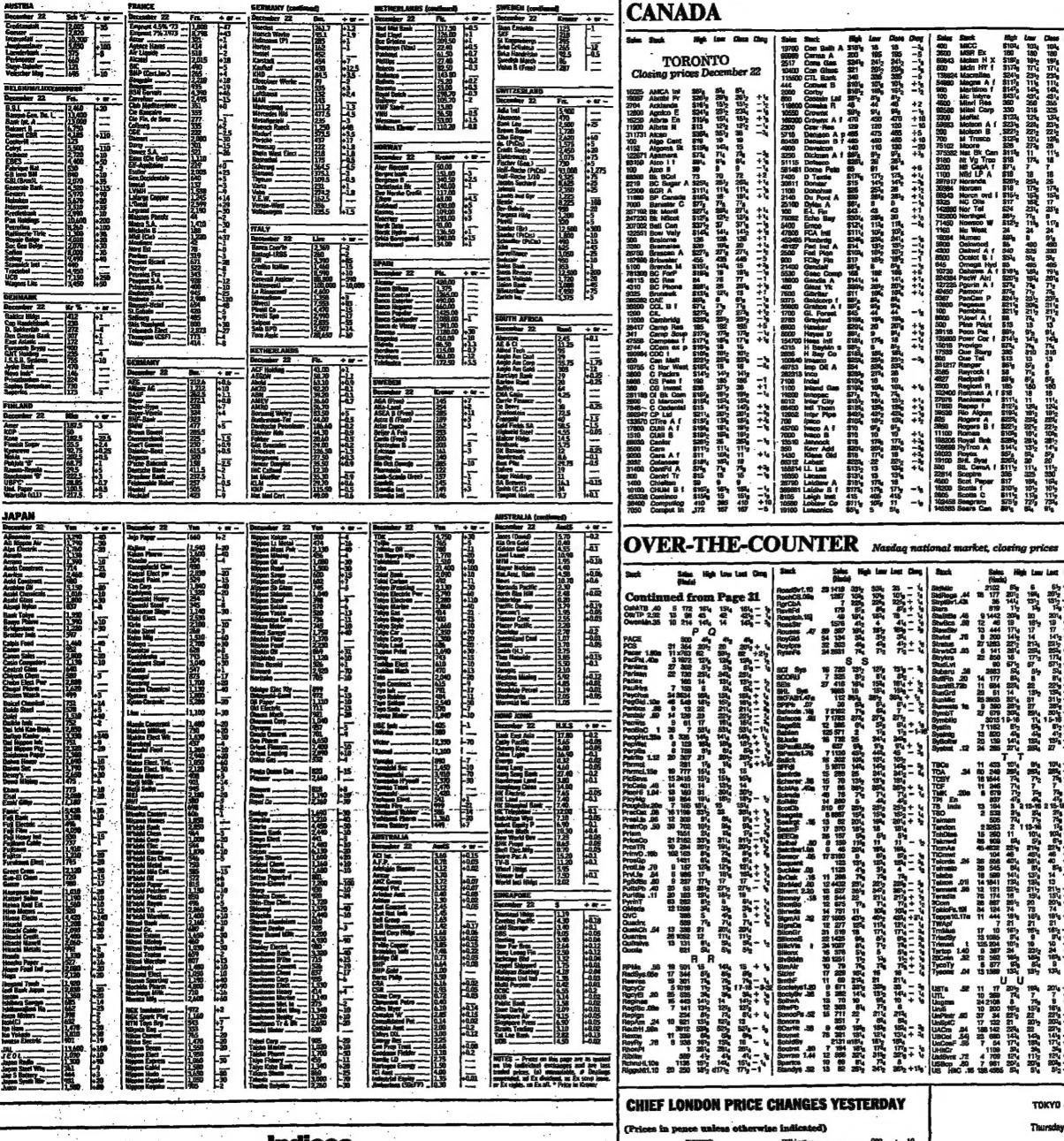


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Indices

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Tracpet	767.86 176.92	767.29 178.05	746.86 174,67	764.72 178.46	04/80 22/83 (22/1)	(4/12) 160,98 (19/10)	(14/8/87) (9/7/32) 227.83 10.50		British SE CLORO	35/2.3	(4)	3503.8	3525.0	5112.2 (13/6)	3503.8 (18/12
ADay's Hisp 2008,45 (1982-92) Law 1999.55 (1994.79)						DENMARK Coperanges SE (SGARS)	(m)	104.53	184.36	125.00	229.76 (27/6)	179.60 (20/11)			
			342.90	26.52	334,77 (25/8) 393,17	223.92 (4/12)	336,77 (25,8/87) 393,17	4.40 (JAJ32) 3.62	FINLAND Unite Street (1975)	50.8	542.7	545.2	546.5	679.1 (15/30)	425.2 (5/1)
Jackstrials	20,24	267.56 21.78	20.92	57.13	(25/8) 32/6 (25/8)	255.43 14/121 20.39 (7/12)	\$25,87877 \$2,43 \$25,87877	(21)6/32) 8.64 (1/10/74)	FRANCE CAC General (SI/1242) led. Yesthace(31/1246)	285.I 73.7	287.2 74.5	281.7 71.6	286.3 72.4	460.4 (26/3) 117.2 (26/3)	270.3 (11/12) 69.6 (10/12)
Arres 1811 take	139.49 251.75	139.15 256,87	134.02 251.18	138.34 252.10	187.99 (25/8) 345/01 (11/8)	125.91 (4/12) 231.90 (4/12)	187.99 (25/8/87) 365.01 (13/8/87)	4,46 (25/4/42) 29,31 (9/12/72)	GERMANY FAZ Akties (31/12/58) Commerciant (1/12/53)	440.89 1352.6	499.36 1343.9	432.96 13293	438.57 1341.1	676.94 86/D 2061.1 03/80	400.13 Cl0/11 1220.9 Cl0/11
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TOKYO - Most Active Stocks

BENEFA

Thursday December 22 1987

Japan Synthetic Rather Daldo Steel Savyo Kokusaku Pulp	Slocies Traded 17.67m 15.61m 13,58m 8.46m	Closing Prices 398 931 578 723	Change on day +20 +5 +11	Nach-Fejikoshi Semitono Citera Nissirin Steel Nipson Kokan Showa Lice	Stacks Traded 7.90m 7.81m 6.99m 6.85m 5.99m	Closing Priors 572 837 625 300 345	Cleange ym dwy -18 -17 -16 -4 +31	
Harima Heavy Ind	8.15m	462	-23					

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Continued on Page 31

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NYSE COMPOSITE CLOSING PRICES

Continued on Page 29

AMEX COMPOSITE CLOSING PRICES

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FINANCIAL TIMES

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AMERICA

Lack of signals sends Dow into listless decline

Wall Street

US EQUITIES continued to show little over-all direction, dropping yesterday after gaining modestly on Monday, writes Janet Bush in New York. to build a production facility to

There seem to be few underlying reasons for day-to-day swings. The Dow Jones Indus-trial Average recovered an ear-lier loss of more than 40 points to close only 11.93 points lower at 1.978.45, reversing part of

Monday's 15.08 gain. Yesterday morning, both bonds and equities had put in a lack-lustre performance in spite of news that Congress had finally resolved its differences over the bill to cut the budget deficit. The dollar showed very little reac-

The US currency was also unimpressed by the actual signing of the spending bills yesterday afternoon by President Reagan and reports that the widely-expected statement by the Group of Seven industrial countries would be published during Tokyo trading early

today.

The dollar was quoted unchanged from its mid-session levels yesterday at around Y126.35 and DMI.6270, near to

its session lows. .Trading on currency markets was thin as many institutions have already closed their books for the Christmas holidays. How-ever, when volume rises again to more normal levels, deep scepticism about any vague Group of Seven statement planned could begin to surface.

The US Treasury bond market

yesterday weakened, extending Monday's price falls in quiet business. The Treasury's 30-year 8.875 per cent issue closed around a lower, to yield 9.04 per cent

In the equity market, a degree of uncertainty persists about how long the market can sustain the recovery which has, with some interludes, been in place since early November. This uncertainty means investors are taking any opportunity to take profits when the market rises.

Among blue chip issues, IBM recovered from a mid-session decline to close only \$\frac{5}{4}\$ lower at \$118. News emerged yesterday that the company intends to form a partnership with Super-computer Systems, formed in

October by prominent designer Steve Chen, to develop advanced computing systems. Cray Research, Mr Chen's former employer, dropped \$2% to \$70%.
Eastman Kodak closed \$1% lower at \$49% in spite of its announcement of a joint venture with Matsushita Electrical Group

manufacture batteries. Argonaut Group's shared plunged \$4½ to \$30% after news that its merger agreement with Gibbons, Green, Van Amerongen had been termined. Under the agreement, Argonaut would have been bought for \$53 a share in a combination of cash and securi-

The merger failed because rad-The merger falled because radical market movements since the merger agreement on October 4 had significantly changed the planned financing. Argonaut's announcement yesterday that it would buy back up to 2m of its common shares did little to bolster the share price.

There was substantial activity

There was substantial activity in shares subject to takeover rumours yesterday. Pfizer jumped \$3% to \$49% on rumours that the company could be the subject of a takeover attempt at \$60 a share or more. Some of the suitors rumoured are Hoechst of West Germany, General Electric

Co and Du Pont.
Atlantic Richfield, profiting along with other oil companies from a sharp rise in crude oil futures yesterday afternoon, ended \$2% higher at \$67%. The company said yesterday it had built its stake in Britoil to 19.25 per cent by the close of business on Monday. British Petroleum, which owns 25.9 per cent of Britoil and wants to acquire control of the company, fell \$44 to \$55.

Canada

Toronto stocks closed lower as profit-taking in mining issues and tax-related seiling drove the

SOUTHAFFICA

WITH little change in the bullion as Anglo American dipped 25 cents to 655.75.

Johannesburg gold shares other minings continued to take a lead from cheaper golds. In platinums, Impala was 30 cents cheaper at R28.25 and leading diamond De Beers shed 25 while at the cheaper end of the sector Libanon gave up 95 cents.

sector Libanon gave up 95 cents ings were steady where traded to R12.80. Mining financials followed suit mixed.

market down.
The composite index, which

The composite index, which had earlier dropped about 28 points, recovered slightly in late trading to close down 13.50 at 3,156.60. Falls outpaced advances by 479 to 444 on moderately active volume of 29.3m shares.

Today is the last day for taxloss selling in Canada," said David Wilkes of Moss, Lawson and Co Ltd. "There is some weakness because of that."

Schering, which lost DM4.50 to DM4.50 to DM364.50. Retailers Kaufhof and Karstadt kept up recent good form, adding DM12.50 to DM454, but Also to DM450. The bourse indicator edged 0.96 was another DM4 off at DM575 and Massa DM3 lower at DM224.

ZURICH rose slightly on the steady dollar. The Swise index loss of that "

was 5.2 higher at 780.3.

Insurers saw a flurry of trade against a thin market as Swiss Re climbed SFr250 to SFr12.500 day's solld gains. The general and Winterthur SFr75 to

SF73,080.

Engineers were narrowly mixed, but chemicals generally firmed, Ciba-Geigy putting on SF760 to SF72,620 and Sandoz SF7300 to SF712,500.

The MIB Index finished 3.0 up at 697.0. Montedison ended a recent slide with a L1 gain to 1,358.

STOCKHOLM made a minuscule advance as institutions balanced their books before the hol-

FINANCIAL TIMES

David Dodwell takes stock of some of the winners and losers in one of this year's most badly bruised markets

Perplexed Hong Kong is still licking its wounds

chairman of Hong Kong's Stock Exchange marks the end of an era in more ways than

He would have hoped to enter the history books as the man who almost single-handedly forged Hong Kong's four stock exchanges into one in April 1set year, and then care. April last year, and then cata-pulted the new exchange into the international big league.

His ambitions might have succeeded, through a combination of determination and bare-faced audacity, had it not been for the "meltdown" of been for the "meltdown" of October 19, from which Hong Kong's listed companies emerged worse off than almost any others worldwide.

Today, unbowed by critics who say he ruined the reputation of Hong Kong's securities industry by shutting the exchange during the collapse, Mr Li can make no grander claim than that he has over-

seen the exchange through an important period of transition. as an international market.
Early in October, it appeared certain that he would retire in

a blaze of glory. The Hang Seng index was pressing close to the 4,000 level, having risen from about 2,500 at the start of

Hong Kong appeared the darling of the international investing community. More than 30 companies were queueing for listing on the market, and more than HK\$40bn (\$5bn) had been raised by companies over the year. Among numerous suc-cessful new listings, two were oversubscribed more than 200 times, with moderate prices seen by many as a virtual licence to print money.

A buoyant - some would say overheated - economy underpinned rises in corporate profits of 60 to 120 per cent, making the most ambitious price/earnings ratios appear moderate over a short period.

this. After a controversial four-day closure during which Hong Kong stockbrokers watched the debacle on other markets and sat paralysed in their own, share prices plunged further than in any

other market worldwide. Hang Seng index stocks slumped an average of more than 43 per cent, while second-line stock lost up to 80 per cent of their value. More than HK\$220bn was wiped off the stock market's capitalisation.

For many of Hong Kong's blue chips, the experience was perplexing. Many were reporting profits growth of 60 per cent to 120 per cent, carried negligible debt and had business prospects that were not in any obvious way jeopardised by the equity market collapse. For second-line stocks, where trading is traditionally thin and highly speculative, the collapse had more serious implications. Mr Robert Ng.

whose family controls the property group Sino-Land, is understood to owe about HK\$900m in the wake of the parallel collapse of the local futures market.

futures market.

Two of the territory's most controversial young entrepreneurs were also mauled – Mr Joseph Lau, the head of Evergo and its sister companies Chinese Estates and China Entertainment, and Mr Tony Wong, who heads the publishing group Jademan. Mr Lau has not yet disclosed how heavy a not yet disclosed how heavy a debt burden he now carries, but Mr Wong recently revealed write-offs amounting to more than HK\$150m due to stock market losses.

Mr Li Kashing, who heads Cheung Kong, as well as Hutchison Whampoa, Hong-Kong Electric and the new group, Cavendish International, was among the few to emerge richer — in that a HK\$10bn rights issue, planned before the collapse, went

ahead in spite of the crash, with a churlish group of underwriters having to pay prices far above those prevail-ing in the wake of the crash.

As a result, Mr Li is cash rich when potential takeover targets worldwide carry price tags significantly lower than two months ago. After making his international mark by taking a substratial miserity, stake in substantial minority stake in Canada's Husky Oil, and then a holding in Cable and Wire-less of the UK, many feel it will not be long before further major acquisitions are planned.

Inevitably, the crash put an end to flotation plans for a number of companies. For some analysts, the proposal to float Club Volvo, which is lit-tle more than a profitable up-market girlie-bar, the crash might have come as a blessing. But on the other hand, it is a pity the first listing by a main-land Chinese company - the Guangdong International Trust

to fruit. Many stock-market operators say the crash may bring more good than harm in the long term. The tighter regulation that will almost certainly emerge following a Govern-ment-appointed inquiry will eradicate some of the abuse that in the past have gone unchecked.

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Reforms that have arouse controversy over the course of the year - over two-tier share structures, back-door listings, and legislation aimed at inhib iting insider trading - will all receive firmer backing than might in the past have been possible.

No-one can yet predict what No-one can yet predict what changes will follow the inquiry led by Mr Ian Hay Davidson into the past failings of the securities industry, but confidence remains high that changes will be comprehensive, and will restore the necessary investor confidence. essary investor confidence.

Balancing act at year-end provides modest advances

EUROPEAN bourses made steady, if slight, progress with institutional book-balancing before the year's end proving a greater influence than interna-

gently firmer opening to end mixed as trade tailed off before Christmas. The Commerzbank 1.352.6. 2.8 at 1,747.

Carmakers continued a strong spell, Porsche in particular surging DM17 to DM437, though the rise was largely attributed to a few buying orders in a thin market. BMW rose DM5 to DM477 and Daimler 50 pfg to DM615.50.

VW edged DM1.50 higher to DM235.50.

Banks chearanged a touch.

Selective buying The cash index was not cash of the previous session. Monday's index was not a complete on the day due to a complete of the previous session.

bank eased DM1.50 to DM225.

Chemicals edged higher with the exception of pharmaceutical Schering, which lost DM4.50 to DM364.50, Retailers Kaufhof and PARIS closed down but off its

and Winterthur SFF(5 to SFF4,950, Credit Suisse picked up 233.74.

SFF4,950, Credit Suisse picked up 233.74.

MILAN crept higher in light trade. The MIB Index finished 3.0 up at 697.0. Montedison 3.0 up at 697.0. Montedison are alide with a L1

share index closed steady at 66.1.
International blue chips ended mostly lower on softness in New closed 1.97 up at 250.29.

London

AFTER opening firmly on reater influence than international signals.

FRANKFURT slipped from a country firmer opening to end uixed as trade tailed off before thristmas. The Commerzbank and the commerzbank are trade to the commerzbank are trade

Banks cheapened a touch. lated on the day due to a com-Deutsche was DM2 off at puter mishap. DM411.50 and Dresdner DM1 In holdings, Reserve added a down at DM237.50. Commerz-further Bfr30 to BFr2,070, while

BFr250 to BFr7,150.

PARIS closed down but off its worst in fairly active session at the end of the accounting period.

Insurers saw a flurry of trade against a thin market as Swiss selective profit-taking after Mon-Re climbed SFr200 to SFr12500 day's solid gains. The general and Winterthur SFr75 to index closed 0.47 higher at

SFr300 to SFr12,500.

AMSTERDAM lost early impetus on Wall Street's hesitant opening. The CBS tendency allegard index edged 0.1 higher to 680.4.

Pension fund sales accelerate slide

LIGHT selling in the absence of institutional interest in the mar-ket dragged equities lower in

Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press. The Nikkel average turned down 215.82 to 22,741.02. Vol-ume shrank from Monday's 509.31m to 403.98m shares. Declines outnumbered advances by 636 to 249, with 144 issues

nchanged. After a firmer start reflecting the previous day's moderate rally and continued strength on

Wall Street overnight, the mar-ket eased, helped down by news that pension funds had sold some holdings through trust banks before their year-end settlements of accounts.
In the absence of market leaders speculative funds concentrated on a segment of smaller-capitalisation issues. Among these, Japan Synthetic Rubber gained Y20 to Y931 on the day's second biggest volume of 15.61m shares as investors renewed their interest in a represent the call

interest in a paper-thin call being developed by the group. Jusco climbed Y80 to Y1.580 on the assessment that the super-market chain operator stands to benefit from the strong yen because of its high import ratio.

Y13 to Y300. Among issues related to plant and equipment investment, Yok-ogawa Electric strengthened Y20

to Y1,480 on expectations of stronger demand for measuring instruments. Nachi-Fujikoshi closed Y18 down at Y573 after The high-technology sector, meanwhile, weakened broadly on small-lot selling Hitachi fell Y40 to Y1,200, while Matsushita Electric industrial closed Y20 down at Y2,180 after firming Y30

at one stage. Fujitsu shed Y20 to Y1,210 and Nippon Telegraph and Telephone, one of the previ-ous session's main gainers, lost Y30,000 to Y2.35m. Among pharmaceuticals, Tak-eds Chemical Industries and Yamanouchi Pharmaceutical

Shippings drew interest almost across the board: Showa Shipping surged Y31 to Y345, yields due to uncertainty about Yamashita-Shinnihon Steamship the course of US interest rates.

Y8 to Y222 and Shinwa Kaiun

Bonds moved sideways, ending remaining stake in Texaco. MIM advanced 18 cents to A\$1.95, while Bougainville and Comalco each made up 15 cents to A\$3.85

expected tomorrow, by the Ministry of Finance on issuance terms for the 10-year govern ment bonds in January.

ment bonds in January.

The yield on the bellwether 5.0 per cent government bond due in December 1997 rose from Monday's 4.515 per cent finish to 4.520 per cent after falling at one point to 4.480 per cent.

On the Osaka Securities Exchange the OSE Stock Average shed 147.57 to 23,078.57 on a volume of 108.15m shares, up 13.58m shares from Monday.

13.58m shares from Monday. One pharmaceutical slipped Y200 to Y6,500 and Maruichi Steel Tube Y90 to Y1,500.

Australia

Among pharmaceutical industries and damand for base plunged Y70 each to Y3,000 and Y3,910.

Large-capitals stayed out of favour. Nippon Steel, the busiest issue with 17,67m shares traded, weakened Y9 to Y398. Ishikawajima-Harima Heavy Industries declined Y23 to Y662 and Nippon Kokan Y4 to Y300.

Large-capital chemicals were also hurt. Sumitomo chemical skidded Y17 to Y837.

CONTINUED demand for base mild bids to rally Hong Kong mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices and by the close. The Hang Seng Index ended 1.72 up at 17.6 higher at 1.267.8.

Golds also edged higher following all the prices and proper all the prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong share prices, leaving the market mild bids to rally Hong Kong shar

Bell Resources added 17 cents ison Wh to A\$1.42 on news it had sold its HK\$7.10.

Singapore A SUSTAINED search for bar-gains among quality issues, led by domestic institutional inves-

tors, led Singapore shares to their seventh successive firmer close. The Straits Times indus-trial index rose 15.53 to 823.49. Fraser and Neave continued its strong run with a 30 cent rise to \$37.75, while ICS added 40 cents to:\$37. Sime Darby made up 5 cents to \$32.09, while plantation stocks semerally rose on stronger

stocks generally rose on stronger paim oil prices.

Hong Kong

FINANCIAL TIMES CONFERENCES

The following events will be amongst those arranged by the Financial Times in the Spring. For further details, please complete and return the enquiry form.

> Civil Aviation in the Pacific Basin: The Pattern of the Future 25 & 26 January, 1988 - Singapore

1-3 February, 15-17 March, 13-15 April, 1988 - London The European Food & Drink Industry Conference

8 & 9 February, 1988 - London

Capital Markets Workshops

The Sixth FT City Seminar 11, 12 & 15 February, 1988 - London

The London Motor Conference 15 February, 1988 - London

Cable Television & Satellite Broadcasting 17 & 18 February, 1988 - London

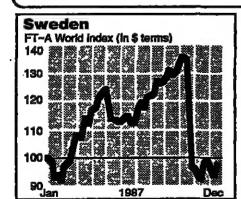
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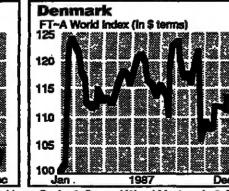
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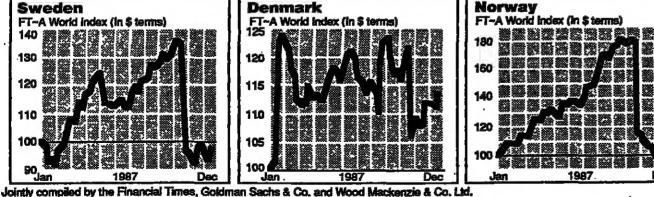
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THE YEAR IN FOCUS



MONDAY DECEMBER 21 1987

in conjunction with the institute of Actuaries and the Faculty of Actuaries.

TUESDAY DECEMBER 22 1987

FT - ACTUARIES WORLD INDICES Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS Figures in parentheses show number of stocks per grouping	TOESBAT MEDEMBER 22 1767					MUNDAT DESCRIBER 21 1907					
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency ladex	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency index	1987 High	1987 Low	Year ago (approx)
Australia (88)	99.03	+1.6	80.21	92.46	4.47	.97.47	79.12	90.83	180.81	85.36	99,94
Austria (1.6)	96.51	-0.6	78.17	81.81 81.77	2.56	97.11	78.83	.82.47	102.87	85.53	96.66
Belgium (48)	96.82	+1.4	78.41	81.77	5.77	95.51	77.52	80.91	134.89	94.63	97.03
Canada (127)	109.90	-0.6	89.01	103.89	2.99	110.51	89.70	104.59	141.78	98.15	100.44
Deamark (38)	113.45	-0.1	91.88	96.82	3.05	113.56	92.18	97.15	124.83	98.18	98.51
France (121)	85.88	-0.3	69.56	74.16	3.57	86.13	69.91	74.61	121.82	77.39	102.41
West Germany (93)	77.63	+0.7	62.88 71.41	65.72	2.88	77.06	62.55 71.18	65.46	104.93	68.91	97.75
Hong Kong (46)	88.16	+0.5	71.41	88.08	5.62	87.69	71.18	87.62	158.68	73.92	96.91
Indoor (TA)	105.36	+1.6	85.33 63.19	91.08	4.97	103.67	84.15	89.75	160.22	93.50	97.99
flasy (94) Japan (457) Makeysia (36) Mexico (14) Netherland (37)	78.02	+0.6	63.19	69.81	2.74	77.55	62,95	69.50	11211	72.04	98.16 97.62
Jacan (457)	143.51	-0.5	116.23	114.84	0.60	144.27	117.10	115.81	161.28	100,00	97.62
Malaysia (36)	108.80	+0.0	88.12	104.68	3.45	108.84	88.35 83.54	104.61	193.64	93.76	99.74
Mexico (14)	103.21	+0.3	83.59	253,34	1.18	102.92	83.54	252.63	422.59	99,72	98.35
Netherland (37)	97.45	-0.2	78.93	81.53	5.50	97.65	79.26	81.91	131.41	87.70	99.46
New Zealand (20)	74.59	+1.6	60.42	61.03	5.51	73.39	59.57	60.26	138.99	73.39	98.48
Norway (24)	99.80	+1.1	80.83	86.32	3.16	98.69	80.10	85.53	185.01	95.51	98.04
Norway (24) Singapore (26)	96,49	+2.3	78.15	88.97	2,72	94.35	76.59	87.16	1.74.28	81.21	100.90
South Africa (61)	132.07	-1.2	106,97	90.23	4.73	133.72	108.54	91.36	198.09	100.00	102.01
Spain (43)	133.14	+1.2	107.84	111.61	3.74	131.61	106.83	110.62	168.81	100.00	97.62 97.53
Spain (43) Sweden (34)	99.35	+0.0	80.47	87.18	2.62	99.36	80.65	87.37	136.64	88.50	97.53
Curltmerland (53)	82.45	+0.8	66.78	67.65	244	81.78	66.38	67.36	111.11	73.65	i 97.81
United Kingdom (332)	131.45	+0.2	106.46	106.46	4.37	131.15	106.45	106.45	162.87	99.65	97.05
USA (580)	101.65	+0.0	106.46 82.33	101.65	3.64	101.62	82.48	101,62	137.42	91.21	101.98
Europe (947)	103.77	+0.4	84.05	86.51	3.89	103,41	83.94	86.42	130.02	92.25	98.05
Pacific Basin (673)	139.64	-0,4	113.10	112.87	0.81	140.25	113.84	133,70	158.77	100.00	97.70
Fura - Pacific (1620)	125.33	-0.2	101.51	102.33	1.84	125.55	101.91	102.80	143,65	100.00	97.84
North America (707)	102.08	+0.0	82.68	101.79	3.61	102.09	82.87	101.80	137.55	91.68	101.90
Furnoe Fy. UK (615)	86.61	+0.5	70.15	73.95	3.45	86.20	69.97	73,82	111.97	79,89	98.69
Europe Ex. UK (615)	92.89	+1.2	75.24	87.70	4.79	91.76	74.48	86.56	164.03	82.92	98.79
World Ex. US (1822)	124.86	-0.2	107.13	102.38	1.91	125.11	101.55	102.87	143.38	200.00	97.98
World Ex. UK (2070)	114.35	-0.2	92.61	101.70	2.28	114.53	92.97	102.05	139.82	100.00	99.78
World Ex. Sc. Af. (2341)	115.76	-01	93.75	102.20	2.48	115.89	94.07	102.50	139.47	100.00	99.52
World Ex. Japan (1945)	102.63	+01	83.12	95.87	3.76	102.48	83.18	95.82	134.22	92.98	100.45
The World Index (2402)	115.86	-0.1	93.84	102.14	2,49	116.00	94.16	102.45	139.73	100.00	99.53
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